FINANCIAL STATEMENTS OF THE AGENCIES AND ENTERPRISES

OF THE GOUVERNEMENT DU QUÉBEC

2000-2001

Publication prepared under
the authority of the Minister
of Finance

Finances
Québec

ISSN 1488-9137
ISBN 2-550-38173-4

Legal deposit – 1st quarter 2002
Bibliothèque nationale du Québec

I am pleased to present this publication, which includes the financial statements of the agencies and enterprises of the Gouvernement du Québec.

Although these financial statements are usually tabled in the National Assembly, we are grouping them together in this volume for easier consultation and analysis of the financial position and operating results of the various agencies and enterprises.

Pauline Marois
Deputy Premier and
Minister of State for the
Economy and Finance

Québec, March 2002

102-07434/

TABLE OF CONTENTS

AGENCIES AND ENTERPRISES	MINISTERIAL RESPONSIBILITY	FISCAL YEAR ENDED	PAGE
Agence de l'efficacité énergétique	Ressources naturelles	2001-03-31	9
Agence métropolitaine de transport	Transports	2000-12-31	16
Bibliothèque nationale du Québec	Culture et Communications	2001-03-31	29
Bureau d'accréditation des pêcheurs et des aides-pêcheurs du Québec	Agriculture, Pêcheries et Alimentation	2001-03-31	39
Bureau des services financiers	Finances	2000-12-31	44
Caisse de dépôt et placement du Québec	Finances	2000-12-31	59
Centre de recherche industrielle du Québec	Recherche, Science et Technologie	2001-03-31	79
Commissaire de l'industrie de la construction	Travail	2001-03-31	90
Commission administrative des régimes de retraite et d'assurances	Administration et Fonction publique	2000-12-31	95
Commission de la capitale nationale du Québec	Justice	2001-03-31	194
Commission de la construction du Québec	Travail	2000-12-31	204
Commission de la santé et de la sécurité du travail	Travail	2000-12-31	253
Commission de reconnaissance des associations d'artistes et des associations de producteurs	Culture et Communications	2001-03-31	278
Commission des lésions professionnelles	Travail	2001-03-31	283
Commission des normes du travail	Travail	2001-03-31	289
Commission des services juridiques	Justice	2001-03-31	297
Commission des valeurs mobilières du Québec	Finances	2001-03-31	309
Conseil des arts et des lettres du Québec	Culture et Communications	2001-03-31	316
Corporation d'hébergement du Québec	Santé et Services sociaux	2001-03-31	326
Corporation d'urgences-santé de la région de Montréal métropolitain	Santé et Services sociaux	2001-03-31	343
Public Curator (The)	Relations avec les citoyens et Immigration	2001-03-31	356
Financement-Québec	Finances	2001-03-31	370
Fondation de la faune du Québec	Faune et des Parcs	2001-03-31	378
Fonds central pour le bénéfice des personnes incarcérées	Sécurité publique	2000-12-31	388
Fonds d'aide aux recours collectifs	Justice	2001-03-31	394
Fonds d'assurance-garantie administré par la Régie des marchés agricoles et alimentaires du Québec	Agriculture, Pêcheries et Alimentation	2001-03-31	400
Fonds d'assurance-prêts agricoles et forestiers	Agriculture, Pêcheries et Alimentation	2001-03-31	403
Fonds de la recherche en santé du Québec	Recherche, Science et Technologie	2001-03-31	409
Fonds des cautionnements des agents de voyages	Relations avec les citoyens et Immigration	2001-03-31	417
Fonds d'indemnisation du courtage immobilier	Finances	2000-12-31	424
Fonds national de formation de la main-d'œuvre	Emploi, Solidarité sociale	2001-03-31	429

TABLE OF CONTENTS

AGENCIES AND ENTERPRISES	MINISTERIAL RESPONSIBILITY	FISCAL YEAR ENDED	PAGE
Fonds pour la formation de chercheurs et l'aide à la recherche	Recherche, Science et Technologie	2001-05-31	434
Grande bibliothèque du Québec	Culture et Communications	2001-03-31	441
Héma-Québec	Santé et Services sociaux	2001-03-31	448
Hydro-Québec	Ressources naturelles	2000-12-31	461
Immobilière SHQ	Affaires municipales et Métropole	2000-12-31	493
Institut de la statistique du Québec	Finances	2001-03-31	502
Institut de police du Québec	Sécurité publique	2000-06-30	508
Institut de tourisme et d'hôtellerie du Québec	Éducation	2000-06-30	514
Institut national de santé publique du Québec	Santé et Service sociaux	2001-03-31	522
Investissement-Québec	Finances	2001-03-31	529
Loto-Québec	Finances	2001-03-31	544
Musée d'art contemporain de Montréal	Culture et Communications	2001-03-31	560
Musée de la civilisation	Culture et Communications	2001-03-31	575
Musée du Québec	Culture et Communications	2001-03-31	586
Office de la sécurité du revenu des chasseurs et piégeurs cris	Emploi, Solidarité sociale	2000-06-30	601
Office des professions du Québec	Justice	2001-03-31	605
Office Québec-Amériques pour la jeunesse	Relations internationales	2001-03-31	612
Régie de l'assurance-dépôts du Québec	Finances	2000-12-31	619
Régie de l'assurance maladie du Québec	Santé et Services sociaux	2001-03-31	626
Régie de l'énergie	Ressources naturelles	2001-03-31	(*)
Régie des assurances agricoles du Québec	Agriculture, Pêcheries et Alimentation	2001-03-31	635
Régie des installations olympiques	Affaires municipales et Métropole	2000-10-31	652
Régie des rentes du Québec	Emploi, Solidarité sociale	2001-03-31	665
Régie du cinéma	Culture et Communications	2001-03-31	679
Sidbec	Industrie et Commerce	2000-12-31	685
Société de développement de la Baie James	Ressources naturelles	2000-12-31	690
Société de développement de la Zone de commerce international de Montréal à Mirabel	Finances	2001-03-31	702
Société de développement des entreprises culturelles	Cultures et Communications	2001-03-31	707
Société de financement agricole	Agriculture, Pêcheries et Alimentation	2001-03-31	721
Société de la faune et des parcs du Québec	Faune et des Parcs	2001-03-31	731
Société de la Place des Arts de Montréal	Culture et Communications	2000-08-31	739
Société de l'assurance automobile du Québec	Transports	2000-12-31	749
Société des alcools du Québec	Industrie et Commerce	2001-03-31	765
Société des établissements de plein air du Québec	Faune et Parcs	2001-03-31	778

TABLE OF CONTENTS

AGENCIES AND ENTERPRISES	MINISTERIAL RESPONSIBILITY	FISCAL YEAR ENDED	PAGE
Société des Traversiers du Québec	Transports	2001-03-31	788
Société d'habitation du Québec	Affaires municipales et Métropole	2000-12-31	800
Société d'Investissement Jeunesse	Industrie et Commerce	2001-03-31	814
Société du Centre des congrès de Québec	Industrie et Commerce	2001-03-31	820
Société du Grand Théâtre de Québec	Culture et Communications	2000-08-31	830
Société du Palais des congrès de Montréal	Affaires municipales et Métropole	2001-03-31	839
Société du parc industriel et portuaire de Bécancour	Industrie et Commerce	2001-03-31	849
Société du parc industriel et portuaire Québec-Sud	Industrie et Commerce	2001-03-31	858
Société générale de financement du Québec	Finances	2000-12-31	864
Société immobilière du Québec	Conseil du trésor, Administration et Fonction publique	2001-03-31	881
Société Innovatech du Grand Montréal	Industrie et Commerce	2001-03-31	895
Société Innovatech du Sud du Québec	Industrie et Commerce	2001-03-31	904
Société Innovatech Québec et Chauchière-Appalaches	Industrie et Commerce	2001-03-31	915
Société Innovatech Régions ressources	Industrie et Commerce	2001-03-31	925
Société nationale de l'amiante	Ressources naturelles	2001-03-31	933
Société québécoise d'assainissement des eaux	Affaires municipales et Métropole	2001-03-31	940
Société québécoise de récupération et de recyclage (Recyc-Québec)	Environnement	2001-03-31	950
Société québécoise d'information juridique (SOQUIJ)	Justice	2001-03-31	960
Télé-Québec (Société de télédiffusion du Québec)	Culture et Communications	2001-03-31	967
Tribunal administratif du Québec	Justice	2001-03-31	977

(*) Not available at time of publication.

AGENCE DE L'EFFICACITÉ ÉNERGÉTIQUE
(R.S.Q., c. A-7.001)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Contribution from the Gouvernement du Québec	$5 844 021	$5 322 119
Contribution – Other partners	571 193	
Other revenue	46 530	
	6 461 744	5 322 119
EXPENDITURE		
Subsidies awarded (Note 3)	2 813 389	1 923 918
Sponsorships and promotion	299 240	184 944
Salaries and fringe benefits	1 946 625	2 100 469
Professional fees and administrative expenses	342 051	486 837
Communications	197 623	142 451
Training	3 354	12 208
Rent	122 602	98 578
Supplies	65 069	37 564
Maintenance and repairs	8 460	8 136
Doubtful loan	114 400	138 133
Depreciation of fixed assets	33 282	44 478
	5 946 095	5 177 716
EXCESS OF REVENUE OVER EXPENDITURE	515 649	144 403
SURPLUS, BEGINNING OF YEAR	597 020	452 617
SURPLUS, END OF YEAR	$1 112 669	$597 020

AGENCE DE L'EFFICACITÉ ÉNERGÉTIQUE

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Consolidated Revenue Fund receivable	$1 754 412	$753 742
Accounts receivable	350	350
Sums receivable from the Ministère des Ressources naturelles	386 167	683 000
Loan redeemable in short-term (Note 4)	50 000	31 250
	2 190 929	1 468 342
Loans (Note 4)	102 884	134 155
Fixed assets (Note 5)	87 419	66 133
	$2 381 232	$1 668 630
LIABILITIES		
Current liabilities		
Accounts payable and accruals (Note 6)	$891 519	$796 192
Revenue received in advance	68 876	
	960 395	796 192
Provision for sick leave	241 191	208 441
	1 201 586	1 004 633
EQUITY		
Contributed surplus from the Gouvernement du Québec	66 977	66 977
Surplus	1 112 669	597 020
	1 179 646	663 997
	$2 381 232	$1 668 630

COMMITMENTS (Note 7)

On behalf of the Board of Directors,
Johanne Desrochers
Pierre Martel

AGENCE DE L'EFFICACITÉ ÉNERGÉTIQUE

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$515 649	$144 403
Adjustments for:		
Depreciation of fixed assets	33 282	44 478
Doubtful loans	114 400	138 133
Gain on disposal of fixed assets	(185)	
	663 146	327 014
Change in non-cash elements related to operations		
Change in debtors		19 686
Decrease in the sums receivable from the Ministère des Ressources naturelles	296 833	2 943 975
Change in creditors	95 327	(3 672 086)
Increase in revenue received in advance	68 876	
Increase in the provision for sick leave	32 750	125 571
	493 786	(582 854)
Cash flows provided by (used for) operating activities	1 156 932	(255 840)
INVESTMENT ACTIVITIES		
Loans	(134 138)	(233 588)
Repayment of loans	32 259	
Acquisition of fixed assets	(56 568)	(24 040)
Proceed from disposal of fixed assets	2 185	
Cash flows used for investment activities	(156 262)	(257 628)
INCREASE (DECREASE) – ACCOUNTS RECEIVABLE BY THE CONSOLIDATED REVENUE FUND	1 000 670	(513 468)
ACCOUNTS RECEIVABLE FROM THE CONSOLIDATED REVENUE FUND, BEGINNING OF YEAR	753 742	1 267 210
ACCOUNTS RECEIVABLE FROM THE CONSOLIDATED REVENUE FUND, END OF YEAR	$1 754 412	$753 742

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Agence de l'efficacité énergétique, was established on October 22, 1997 by a special act (S.Q. 1997, c. 55), to see to the promotion of energy efficiency, in the context of sustainable development, for all types of energy, in all sectors of activity and for the benefit of all regions of Québec.

2. ACCOUNTING POLICIES

The financial statements of the Agence were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Subsidies and Loans

Subsidies are posted to expenses when they are authorized and when the recipient has met the eligibility criteria, where applicable. However, recoverable subsidies are posted as loans up to the amount that it is reasonably certain to be obtained.

Fixed Assets

Fixed assets are recorded at cost and depreciated over their useful life according to the straight-line method at the following rates:

Automotive equipment	20%
Furniture and equipment	20%
Data processing equipment	33 1/3%

Provision for doubtful loans

When it has been established that there is a risk involved in recovering loans, the book values are calculated at the value of their estimated realizable value. When the amounts and the time future cash flows are realized cannot be estimated reasonably reliably, the estimated realizable values are measured according to the market observable for these loans or in keeping with management's judgement.

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Agence lacks sufficient information to apply the accounting procedure for defined benefit plans.

Cash flows

It is the Agence's policy to present the amount receivable from the Gouvernement du Québec's Consolidated Revenue Fund as cash and cash equivalents, since the amounts from this fund enable it to fulfil its short-term cash commitments.

3. SUBSIDIES AWARDED

	2001	2000
Government enterprises and agencies	$176 889	$128 000
Private sector enterprises	254 382	96 840
Municipalities and municipal housing bureaus	297 250	56 000
Health and social services institutions	5 000	8 750
Private sector non-profit organizations	2 079 868	1 634 328
	$2 813 389	$1 923 918

4. LOANS

	2001	2000
Loans, interest-free, repayable at fixed date in 2002 and 2003	$129 738	$110 000
Loan, interest-free, repayable in royalties	23 146	24 155
Loan, interest-free, repayable in 2000 given that project findings are used		31 250
	152 884	165 405
Doubtful loans:		
Loans, interest-free, repayable in royalties	409 650	355 000
Loans, interest-free, repayable from 2001 to 2003 based on conditions stipulated in agreements	66 750	49 633
	476 400	404 633
Allowance for doubtful loans	(476 400)	(404 633)
	152 884	165 405
Loan redeemable in short term	50 000	31 250
	$102 884	$134 155

5. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Automotive equipment	$73 700	$31 909	$41 791	$23 312
Furniture and equipment	19 797	11 946	7 851	11 811
Data processing equipment	102 327	64 550	37 777	31 010
	$195 824	$108 405	$87 419	$66 133

6. ACCOUNTS PAYABLE AND ACCRUALS

	2001	2000
Subsidies awarded	$552 847	$333 015
Accounts payable	191 289	191 604
Salaries and fringe benefits	45 211	205 789
Accrued vacation time	102 172	65 784
	$891 519	$796 192

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

7. COMMITMENTS

The Agence is committed to paying subsidies under the programs it administers. However, these subsidies are conditional upon the appropriations allocated by Parliament. The Agence's commitments as at March 31, 2001, are as follows:

2002	$1 942 682
2003	272 602
2004	30 000
2005	
	$2 245 284

8. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Agence is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Agence did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

9. PENSION PLANS

The staff members of the Agence participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Agence's contributions charged to the year-end statement amount to $66 650 (2000: $89 401). The liability of the Agence towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

10. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

AGENCE DE L'EFFICACITÉ ÉNERGÉTIQUE

MANAGEMENT'S REPORT

The financial statements of the Agence de l'efficacité énergétique were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. The Agence recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Agence's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Réjean Carrier
Director General

Québec, May 31, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Agence de l'efficacité énergétique as at March 31, 2001 and the statements of revenue and expenditure and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Agence's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agence as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 31, 2001

AGENCE MÉTROPOLITAINE DE TRANSPORT
(R.S.Q., c. A-7.02)
GENERAL FUND

REVENUE, EXPENDITURE AND RESERVE FOR FUTURE ACTIVITIES (DEFICIT)

for the year ended December 31, 2000
(in thousands of dollars)

	Budget 2000 (unaudited)	2000	1999
REVENUE			
Government remittances:			
for fuel tax	44 894	44 440	44 568
for licence fees	42 737	42 513	42 196
Revenue from TRAM sales (Note 3)	37 971	39 570	36 678
Revenue from commuter trains (Note 4)	22 027	23 682	21 329
Municipal contributions to the cost of commuter rail systems (Note 4)	19 948	19 995	19 443
Subsidies from the Ministère des Transports du Québec to service the debt of public transit operating authorities operating authorities (Note 13):			
for commuter trains	15 719	15 891	20 824
for metropolitan transit facilities	2 880	2 880	5 692
Assistance for adapted transportation program	400	223	286
Revenue from service to the metropolitan area	714	733	394
Municipal contributions to service to the metropolitan area	92	145	184
Other	1 349	1 105	834
	188 731	191 177	192 428
EXPENDITURE			
Sharing of revenue derived from commuter trains	3 203	2 875	3 713
Distribution of revenue from TRAM sales (Note 3)	37 971	39 570	36 678
Metropolitan assistance and related expenditures (Note 5)	54 550	54 198	53 605
Commuter trains (Note 4)	53 673	54 240	50 923
Metropolitan transit facilities	8 432	7 591	7 711
Servicing of debt of public transit operating authorities (Note 13):			
for commuter trains	15 754	15 993	20 858
for metropolitan transit facilities	4 418	4 533	7 192
Operating expenses	3 987	4 067	3 590
Development assistance	292	1 034	1 188
Assistance for reduced rate TRAM tickets and related expenditures (Note 6)	5 963	5 871	5 394
Adapted transportation	544	387	381
Service to metropolitan area	1 414	1 550	918
Other	900	949	903
	191 101	192 858	193 054
NET RESULT BEFORE BALANCING SUBSIDY	(2 370)	(1 681)	(626)
Reserve for future activities, beginning of year	3 870	2 417	6 543
Deficiency grant (Note 7)	1 500	1 500	3 500
RESERVE FOR FUTURE ACTIVITIES (DEFICIT), END OF YEAR		(764)	2 417

See notes to the financial statements.

AGENCE MÉTROPOLITAINE DE TRANSPORT

GENERAL FUND

BALANCE SHEET
as at December 31,
(in thousands of dollars)

	2000	1999
ASSETS		
Cash on hand and term deposits	5 056	8 287
Government remittances receivable	19 131	19 423
Receivable from public transit operating authorities (Note 8)	8 292	6 206
Receivable from the Ministère des Transports du Québec	552	526
Spare parts for commuter trains	2 127	1 415
Other	1 402	1 370
	36 560	37 227
LIABILITIES AND FUND BALANCE		
Accounts payable and accruals	6 002	10 703
Short-term loan (Note 11)	6 000	
Amount payable to public transit operating authorities (Note 9)	23 631	20 404
Deficiency grant payable (Note 7)	1 500	3 500
Amount payable to municipalities	191	203
	37 324	34 810
FUND BALANCE		
Reserve for future activities (deficit)	(764)	2 417
	36 560	37 227

COMMITMENTS AND CONTINGENCIES (Note 13)

See notes to the financial statements.

On behalf of the Board of Directors,
Florence Junca-Adenot, Director
Paul Larocque, Director

AGENCE MÉTROPOLITAINE DE TRANSPORT

FIXED ASSETS FUND

OPERATIONS AND PERMANENT FINANCING OBTAINED (TO BE OBTAINED)

for the years ended December 31
(in thousands of dollars)

	2000	1999
PERMANENT FINANCING		
Subsidies from the Ministère des Transports du Québec (Note 12)	34 552	19 867
Municipal contributions (Note 10)	14 739	15 135
Other subsidies		1 588
Other	448	563
	49 739	37 153
EXPENDITURE		
Commuter trains		
Dorion-Rigaud	25 175	1 433
Deux-Montagnes	1 458	1 315
Blainville	275	3 767
Saint-Hilaire	4 079	
Metropolitan facilities		
Reserved traffic lanes	3 791	158
Terminus	30 155	125
Incentive parking	5 404	34
Renovation of original subway system	1 569	5 265
Feasibility studies – light rail system	266	2 445
Feasibility studies – metro extensions	1 810	2 222
Feasibility studies – miscellaneous	142	638
Other	358	0
Change in construction work in progress	(5 780)	18 917
	68 702	36 319
SURPLUS (DEFICIENCY) OF PERMANENT FINANCING OVER EXPENSES	(18 963)	834
Permanent financing available, beginning of year	15 639	14 805
PERMANENT FINANCING OBTAINED (TO BE OBTAINED), END OF YEAR	(3 324)	15 639

See notes to the financial statements.

AGENCE MÉTROPOLITAINE DE TRANSPORT

FIXED ASSETS FUND

BALANCE SHEET
as at December 31
(in thousands of dollars)

	2000	1999
ASSETS		
Cash on hand and term deposits	13 150	21 327
Receivable from the Ministère des Transports du Québec	64 205	37 213
Other	999	1 139
	78 354	59 679
LIABILITIES AND FUND BALANCE		
Accounts payable and accruals	13 184	14 651
Notes payable (Note 12)	68 494	29 389
	81 678	44 040
FUND BALANCE		
Permanent financing obtained (to be obtained)	(3 324)	15 639
	78 354	59 679

COMMITMENTS AND CONTINGENCIES (Note 13)

See notes to the financial statements.

On behalf of the Board of Directors,
Florence Junca-Adenot, Director
Paul Larocque, Director

AGENCE MÉTROPOLITAINE DE TRANSPORT

CAPITAL ASSETS
as at December 31
(in thousands of dollars)

	2000	1999
CAPITAL ASSETS		
Commuter trains - Deux-Montagnes		
Land	13 504	13 504
Infrastructures	77 542	76 098
Rolling stock	129 189	129 175
Commuter trains - Dorion-Rigaud		
Infrastructures	27 500	26 393
Rolling stock	71 826	48 475
Commuter trains – Blainville		
Land	403	403
Infrastructures	5 510	5 275
Rolling stock	6 545	6 503
Commuter trains – Saint-Hilaire		
Infrastructures	1 116	
Rolling stock	2 963	
Metropolitan transit facilities		
Reserved traffic lanes	7 470	3 679
Incentive parking	10 245	4 843
Terminus	31 939	1 784
Spare parts for commuter trains	2 365	1 448
Construction work in progress	21 656	27 436
	409 773	345 016
EQUITY		
Investment in capital assets	409 773	345 216

COMMITMENTS AND CONTINGENCIES (Note 13)

See notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2000
(in thousands of dollars)

1. STATUS AND NATURE OF ACTIVITIES

The Agence métropolitaine de transport (AMT) is a legal person established in the public interest by the Act respecting the Agence métropolitaine de transport, R.S.Q., c. A-7.02 (the Act). The AMT has authority over public transit systems located within its territory, which represents the combined territories of the municipalities listed in Schedule A of the Act and that of the Kahnawake Indian reserve. It began operations on January 1, 1996.

The purpose of the AMT is to support, develop, coordinate and promote shared transportation, including special transportation services for the handicapped, to improve commuter train services and ensure their development, to foster the integration of the services provided by various modes of transportation and to increase the efficiency of traffic corridors. The AMT's areas of jurisdiction include:

- commuter rail systems;
- metropolitan transit, certain bus transit services and certain facilities and infrastructures required for the efficient operation of its metropolitan bus transit system;
- certain arteries of travel.

On December 20, 2000, the National Assembly passed Bill 170, which gave the AMT broader duties where carrying out mass transit projects was concerned. The AMT now has the power to plan and carry out, under conditions set by the government, extension projects for the metro or other guided transport systems.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the AMT have been prepared in accordance with the generally accepted accounting policies summarized below. Preparation of the financial statements requires management to formulate estimates and hypotheses. The real results may differ from these estimates. In management's opinion, the financial statement were prepared properly showing judgement, within reasonable limits of the relative importance of and in the context of the accounting policies summarized below.

The financial statements include the following funds and statement:

i) General Fund

In accordance with the provisions of the Act and the practices of fund accounting, the AMT uses a general fund to account for its current operations related to service delivery and operations, as well as the related assets and liabilities.

ii) Fixed Assets Fund

In accordance with the provisions of the Act and the practices of fund accounting, the AMT uses a fixed assets fund to record and control permanent revenue and expenditures related to fixed assets .

The non-refundable amounts granted the AMT for expenditures on fixed assets are posted to permanent financing in the statement of operations and to permanent financing obtained (to be obtained) for the Fixed Assets Fund. The balance of the Fixed Assets Fund represents the cumulative surplus or deficiency of the permanent financing for the expenditures for fixed assets obtained for future expenses or to be obtained from the permanent financing for future fiscal years.

iii) Statement of Capital Assets

The AMT uses a statement of capital assets to account for the elements of capital assets acquired from its Fixed Assets Fund.

Accounting Method

The AMT's operations are recorded on the accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Government Subsidies

Government subsidies are recorded as revenue or as permanent financing in the appropriate fund and in the fiscal year for which they were granted.

Spare Parts

Spare parts for commuter trains are valued at the lower of cost, less an allowance for obsolescence, and replacement cost.

Fixed Assets

Fixed assets are recorded at cost in the statement of capital assets and are not depreciated.

3. REVENUE FROM TRAM SALES

Revenue from TRAM sales corresponds to metropolitan transit tickets that are sold by public transit operating authorities (PTOA) and give the bearer access to transportation services provided by more than one PTOA. In keeping with section 42 of the Act, the AMT and the AOTs share the receipts from the sale of metropolitan transport documents according to use of their respective transportation systems.

The breakdown of revenues from TRAM sales, net of the allocation of a portion of the revenues to commuter trains, is as follows:

	Budget 2000 unaudited	2000	1999
Société de transport de la Communauté urbaine de Montréal	15 456	15 921	15 454
Société de transport de la Rive-Sud de Montréal	11 137	11 270	10 434
Société de transport de la Ville de Laval	5 876	6 083	5 869
Intermunicipal transportation councils	4 100	4 653	3 667
Municipalities	1 402	1 643	1 254
	37 971	39 570	36 678

4. COMMUTER TRAINS

Commuter Train Receipts

The breakdown of receipts of the commuter train lines is as follows:

	Budget 2000 unaudited	2000	1999
Deux-Montagnes	11 952	13 398	12 462
Dorion-Rigaud	5 595	5 502	5 713
Blainville	3 640	4 419	3 154
Saint-Hilaire	840	363	
	22 027	23 682	21 329

4. COMMUTER TRAINS (cont'd)

Municipal Contributions to Commuter Trains

In keeping with the Act, the AMT breaks down a portion of the operating and management costs of the Deux-Montagnes and Dorion-Rigaud commuter train lines between the municipalities served by a commuter train line according to the train-kilometers serving each section. The municipalities whose territory is served the same section share the amount established for that section on a prorated basis in keeping with their standardized real estate value, within the meaning of section 261.1 of the Act respecting municipal taxation, R.S.Q., c. F-2.1, established for the reference year. For those municipalities belonging to the territory of the Communauté urbaine de Montréal (hereinafter called the CUM), the AMT invoices the CUM which, in keeping with the terms and conditions of payment prescribed in the Act, where applicable, must pay the AMT an amount equal to the total that the municipalities on its territory would have had to pay.

In keeping with the Act, the AMT breaks down a portion of the operating and management costs of the Blainville commuter train lines between the municipalities served by this commuter train line according to the number of commuter train departures, at each station, for each section. When the sum of the net receipts allocated to the commuter trains and the municipal contributions exceeds 70% of the commuter train operating and management costs, the surplus is shared in two equal parts between the municipalities served by the commuter train line, as an effectiveness rebate, and the AMT. In the case of the CIT des Basses Laurentides, the costs are shared between the municipalities served according to its own breakdown formula.

The breakdown of municipal contributions to the commuter railroad lines is as follows:

	Budget 2000 unaudited	2000	1999
Deux-Montagnes	9 977	9 883	9 713
Dorion-Rigaud	7 640	7 785	7 743
	17 617	17 668	17 456
Blainville	2 796	3 275	2 592
Saint-Hilaire	(465)	(948)	(605)
	2 331	2 327	1 987
	19 948	19 995	19 443

Operating Costs

The breakdown of the operating and management costs for the commuter railroad lines are as follows:

	Budget 2000 unaudited	2000	1999
Deux-Montagnes	24 943	24 709	24 282
Dorion-Rigaud	19 100	18 990	19 358
Blainville	6 990	8 188	7 283
Saint-Hilaire	2 640	2 353	
	53 673	54 240	50 923

5. METROPOLITAN TRANSIT ASSISTANCE AND RELATED EXPENDITURES

The AMT granted, on the basis of factors and in the manner established by it, financial assistance to the PTOAs to compensate, in whole or in part, the cost of their contribution to the metropolitan bus or subway transit system, or the cost of servicing a reserved traffic lane.

The amount of metropolitan transit assistance is calculated as follows:

- $0.20 per passenger evaluated according to turnstiles in the metropolitan system;
- $0.50 per passenger accessing metropolitan transit services by bus at a boarding point located within the territory of the AMT, during morning rush hour, based on three readings taken during the year.

Metropolitan transit assistance was shared as follows:

	Budget 2000 unaudited	2000	1999
Metro:			
Société de transport de la Communauté urbaine de Montréal	41 007	41 800	41 190
Bus:			
Société de transport de la Communauté urbaine de Montréal	6 169	6 102	6 077
Société de transport de la Rive-Sud de Montréal	3 291	2 932	2 975
Société de transport de la Ville de Laval	1 755	1 654	1 651
Intermunicipal transportation councils	1 984	1 382	1 414
Municipalities	294	273	258
	13 493	12 343	12 375
Related expenditures	50	55	40
	54 550	54 198	53 605

6. ASSISTANCE FOR REDUCED AND INTERMEDIATE RATE TRAM TICKETS AND RELATED EXPENDITURES

Under subparagraph 9, paragraph 1, section 35 of the Act, since 1999, the AMT has assumed the discount offered for TRAM tickets. The rationale for this approach was to compensate, in whole or in part, the AOTs for the reduced and intermediate rate tickets offered to TRAM users. For the year 2000, the AMT set the ceiling for assistance for reduced and intermediate rate TRAM tickets at $4 653 000 for TRAM 3, $910 000 for the zone 4-8 TRAM ($4 160 000 for TRAM 3 and $764 000 for the zone 4-8 TRAM in 1999).

The assistance for reduced and intermediate rate TRAM tickets breaks down as follows:

	Budget 2000 unaudited	2000	1999
Société de transport de la Communauté urbaine de Montréal	2 147	2 624	2 238
Société de transport de la Rive-Sud de Montréal	1 346	1 468	1 210
Société de transport de la Ville de Laval	1 705	1 199	1 216
Intermunicipal transportation councils	281	210	198
Municipalities	84	62	62
	5 563	5 563	4 924
Related expenditures	400	308	470
	5 963	5 871	5 394

7. DEFICIENCY GRANT

The AMT's creation enabled sharing of the tax burden between the municipalities making up the Agency's territory. For some, this means an increased financial contribution to the cost of the public transit system.

With a view to reducing this budgetary impact over the AMT's first five fiscal years, i.e. until December 31, 2000, the Act requires the Agency to distribute an amount from its surpluses to municipalities of the Vaudreuil and Deux-Montagnes sectors which contribute the costs of commuter trains and, where applicable, among the la Société de transport de la Communauté urbaine de Montréal (hereinafter called the STCUM), the Société de transport de la ville de Laval (hereinafter called the STL), the Société de transport de la Rive-Sud de Montréal (hereinafter called the STRSM).

Furthermore, in 2000, the Act provides for a deficiency grant, the first $150 000 ($350 000 in 1999) of which is to be paid to municipalities of the Vaudreuil and Deux-Montagnes sectors that contribute to the cost of operating and managing commuter rail systems and do not belong to a transit corporation. The balance is to be paid to the transit corporations, as the case may be, according to the criteria and terms set by the Government.

On March 31, 2001, the board of directors decided to pay a deficiency grant of $1 500 000 for fiscal 2000.

	2000	1999
Société de transport de la Ville de Laval	675	1 575
Société de transport de la Rive-Sud de Montréal	675	1 575
Municipalities	150	350
	1 500	3 500

8. AMOUNT RECEIVABLE FROM PUBLIC TRANSIT OPERATING AUTHORITIES

	2000	1999
Société de transport de la Communauté urbaine de Montréal	4 616	3 430
Société de transport de la Rive-Sud de Montréal	1 160	1 235
Société de transport de la Ville de Laval	1 405	698
Intermunicipal transportation councils	943	807
Municipalities	168	36
	8 292	6 206

9. AMOUNT PAYABLE TO PUBLIC TRANSIT OPERATING AUTHORITIES

	2000	1999
Société de transport de la Communauté urbaine de Montréal	19 279	16 832
Société de transport de la Rive-Sud de Montréal	2 305	1 001
Société de transport de la Ville de Laval	1 241	1 634
Intermunicipal transportation councils	740	879
Municipalities	66	58
	23 631	20 404

10. MUNICIPAL CONTRIBUTIONS TO THE COST OF COMMUTER RAIL SYSTEMS

To help finance part of the Fixed Assets Fund's capital expenditures, those municipalities whose territory is included in that of the AMT have to pay an annual amount of one cent per $100 of their standardized real estate value, as defined in section 261.1 of the Act respecting municipal taxation (R.S.Q., c. F-2.1), established for the reference year.

11. SHORT-TERM LOAN

In keeping with Order-in-Council 1143-98 of September 2, 1998, the Gouvernement du Québec gave the AMT authorization until September 30, 2001 to contract fluctuating or fixed rate loans from Canadian financial institutions or the Ministère des Finances, up to a maximum, including financing charges, of $50 000 000 in legal Canadian tender. The term of these loans shall, under no circumstances, exceed one year. During the fiscal year, the AMT contracted a loan of $6 000 000 bearing interest at a rate of 5.87%.

12. NOTES PAYABLE

The AMT contracted loans with the Ministère des Finances as manager of the Financing Fund. Under the Gouvernement du Québec's mass transit assistance program, the MTQ committed to paying the AMT an annual subsidy of an amount corresponding to the reimbursement of these notes, capital and interest. During the fiscal year, the total amount of the MTQ subsidy for the reimbursement of these notes rose to $4 767 000, including $1 574 000 in interest.

12. NOTES PAYABLE

Notes payable breakdown as follows:

Issue date	Amount authorized	Interest rate %	Maturity date	Balance at beginning of fiscal year	Issue during fiscal year	Repayment during fiscal year	Balance at end of fiscal year
29-12-1998	16 850	5,046	01-12-2003	15 450		(1 402)	14 048
03-12-1999	13 939	6,320	01-06-2009	13 939		(1 113)	12 826
07-07-2000	4 674	6,340	01-10-2007		4 674	(233)	4 441
07-07-2000	7 218	6,340	01-10-2007		7 218	(204)	7 014
07-07-2000	8 531	6,340	01-10-2007		8 531	(241)	8 290
25-08-2000	9 547	6,270	01-10-2007		9 542		9 542
25-08-2000	2 685	6,270	01-10-2007		2 685		2 685
25-08-2000	520	6,270	01-10-2007		520		520
21-12-2000	9 128	5,948	01-12-2010		9 128		9 128
				29 389	42 298	(3 193)	68 494

The breakdown of the annual reimbursement of capital and interest for these notes over the next five fiscal years is as follows:

2001	8 944
2002	8 944
2003	18 334
2004	6 778
2005	6 778
2006 and thereafter	39 556
	89 334
Less interest	20 840
	68 494

13. COMMITMENTS AND CONTINGENCIES

Commitments

The AMT signed contractual agreements with a number of suppliers, mainly for the operation and management of commuter rail systems and metropolitan transit facilities. Commitments under these agreements for the coming fiscal years are as follows:

2001	34 293
2002	24 925
2003	22 026
2004	20 107
2005	17 837
	119 188

Purchase of Engines for the Blainville Commuter Train Line

On September 22, 2000, the AMT awarded a contract for a total of $13 585 000 (US$9 060 000) to General Motors Corporation (hereinafter referred to as GMC) for the delivery of seven engines during the next fiscal year. An irrevocable letter of endorsement was issued by the National Bank of Canada in favour of GMC to guarantee payment of the amount of this contract.

Assets Transferable to the AMT

Under the Act, the AMT must acquire, through transfers, a series of metropolitan facilities identified in Order-in-Council 567-96 of May 15, 1996 and including park and ride facilities, stations and metropolitan infrastructures. This transfer of assets must occur gradually with the agreement of the current owners. Clearly payment of the operating costs and fixed assets for these assets is conditional on the property transfers. While the transfer of these assets to the AMT is still pending, the AMT has reimbursed the current owners, in capital and interest, the remaining debt service and operating costs of these metropolitan facilities since January 1, 1996.

Debt Service of Public Transit Operating Authorities for Commuter Trains and Metropolitan Transit Facilities

Under sections 37 and 152 of the Act, the STCUM, the STRSM and the STL maintain the debt service for the financing of goods whose ownership is or will be transferred to the AMT. The three transit corporations remains responsible for the commitments represented by the securities they have issued and which continue to constitute direct, general obligations for them. The AMT reimburses the STCUM, the STRSM and the STL, in capital and interest, based on the maturity dates of their debt service payments. Future payment under these obligations, for which the AMT receives annual subsidies covering a portion of these payments, break down as follows for the coming fiscal years:

2001	25 058
2002	16 772
2003	10 400
2004	8 422
2005	7 965
2006 and thereafter	8 585
	77 202

Claims

In the normal course of affairs, the AMT is subject to various claims. Specifically, the AMT received formal notice in the amount of $3 361 000 from a general contractor for renovations to the Longueuil intermodal station. The AMT is contesting the basis of these claims and deems that the outcome of these lines will have no significant impact on the AMT's financial situation or performance. Any loss, if applicable, resulting from these claims will be posted to the results of the fiscal year during which they become known.

13. COMMITMENTS AND CONTINGENCIES

Insurance

The AMT shares, according to set policies, liability for damages or any other claim arising out of the operating agreements for its commuter railroad lines. A provision equal to 0.5% of the annual operating budgets for commuter trains up to a cumulative provision of $5 000 000 is recorded in the AMT's books to cover risks that are not insured in related to the operation of commuter trains. The total of the amount provided for to date is $1 030 000 ($774 000 in 1999).

14. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

AUDITORS' REPORT

To the Board of Directors of the
Agence métropolitaine de transport

We have audited the balance sheets of the General Fund and the Fixed Assets Fund and the statement of capital assets of the Agence métropolitaine de transport (AMT) as at December 31, 2000, and the statement of revenue and expenditure and deferred revenue of the General Fund and the statement of operations and permanent financing of the Fixed Assets Fund for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2000, and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles disclosed in Note 2.

The budget figures are shown for comparison purposes only and were not audited. Consequently, we have not expressed an opinion on these figures.

Ernst & Young
Chartered Accountants

Montréal, Québec
March 31, 2001

BIBLIOTHÈQUE NATIONALE DU QUÉBEC
(R.S.Q., c. B-2.1)

REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	2001			2000
	Operations	Fixed-assets	Total	Total (Note 4)
REVENUE				
Subsidies from the Gouvernement du Québec				
Operations	$8 855 505	$12 495	$8 868 000	$8 943 566
Interest on long-term debt		996 126	996 126	1 029 447
Amortization of deferred subsidies		693 556	693 556	649 896
Donations of publications, books and collections	1 775 411		1 775 411	1 255 201
Sales of goods and services	413 168		413 168	214 949
Interest on bank deposits	89 133		89 133	95 504
	11 133 217	1 702 177	12 835 394	12 188 563
EXPENDITURE				
Salaries and fringe benefits	6 101 418		6 101 418	5 947 972
Rent	669 285		669 285	650 282
Transportation and communications	468 515		468 515	332 739
Professional and administrative services	686 598		686 598	817 297
Maintenance and repairs	374 252		374 252	361 536
Materials and supplies	457 290		457 290	436 426
Hosting and promotion	110 309		110 309	105 462
Financial expenses (Note 5)		1 034 510	1 034 510	1 068 942
Other	3 399	204	3 603	638
Depreciation of fixed assets		769 746	769 746	759 755
	8 871 066	1 804 460	10 675 526	10 481 049
Acquisition of publications, books and Collections				
Donations	1 775 411		1 775 411	1 255 201
Purchases	513 133		513 133	483 005
	11 159 610	1 804 460	12 964 070	12 219 255
EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	$(26 393)	$(102 283)	$(128 676)	$(30 692)

FUNDS BALANCE
for the year ended March 31, 2001

	2001			2000
	Operations	Fixed-assets	Total	Total
FUNDS BALANCE, BEGINNING OF YEAR				
Previously established balance	$159 210	$1 742 028	$1 901 238	$1 915 092
Adjustment (Note 4)	(1 222 104)		(1 222 104)	(1 205 266)
Adjusted balance	(1 062 894)	1 742 028	679 134	709 826
Excess of revenue over expenditure (expenditure over revenue)	(26 393)	(102 283)	(128 676)	(30 692)
FUNDS BALANCE, END OF YEAR	$(1 089 287)	$1 639 745	$550 458	$679 134

BIBLIOTHÈQUE NATIONALE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001			2000
	Operations	Fixed-assets	Total	Total (Note 4)
ASSETS				
Current assets				
Cash on hand	$668 131		$668 131	$1 083 015
Accounts receivable	147 601		147 601	30 873
Gouvernement du Québec subsidies receivable (Note 6)	4 800	$1 199 367	1 204 167	1 348 998
Owed by the General Fund, interest-free		153 004		
Prepaid expenses	30 860		30 860	61 131
	851 392	1 352 371	2 050 759	2 524 017
Deferred discount on long-term debt		252 005	252 005	290 776
Gouvernement du Québec subsidies receivable (Note 6)		13 984 254	13 984 254	14 696 764
Fixed assets (Note 7)		14 377 288	14 377 288	14 937 486
	$851 392	$29 965 918	$30 664 306	$32 449 043
LIABILITIES				
Current liabilities				
Accounts payable and accruals	$547 022		$547 022	$939 485
Short-term borrowings (Note 8)		$433 946	433 946	292 550
Interest payable		487 046	487 046	504 523
Provision for vacation time	83 376		83 376	75 259
Owed to the Fixed Assets Fund, interest-free	153 004			
Instalments on long-term debt (Note 9)		712 509	712 509	712 509
	783 402	1 633 501	2 263 899	2 524 326
Future fringe benefits (Note 11)	1 157 277		1 157 277	1 146 845
Deferred Gouvernement du Québec subsidies (Note 10)		12 708 418	12 708 418	13 401 974
Long-term debt (Note 9)		13 984 254	13 984 254	14 696 764
	1 940 679	28 326 173	30 113 848	31 769 909
FUNDS BALANCE	(1 089 287)	1 639 745	550 458	679 134
	$851 392	$29 965 918	$30 664 306	$32 449 043

On behalf of the Board of Directors,
Jean-Guy Théoret
André Rousseau

CASH FLOWS
for the year ended March 31, 2001

	2001			2000
	Operations	Fixed-assets	Total	Total (Note 4)
OPERATING ACTIVITIES				
Excess of revenue over expenditure (expenditure over revenue)	$(26 393)	$(102 283)	$(128 676)	$(30 692)
Adjustments for:				
Depreciation of fixed assets		769 746	769 746	759 755
Amortization of deferred Gouvernement du Québec subsidies		(693 556)	(693 556)	(649 896)
Amortization of the discount on long term debt		38 771	38 771	38 770
Increase in future fringe benefits	18 549		18 549	16 838
Loss on disposal of fixed assets		3 130	3 130	
	(7 844)	15 808	7 964	134 775
Change in non-cash elements				
Accounts receivable	(116 728)		(116 728)	74 117
Receipt of Gouvernement du Québec subsidies payable	127 166	730 175	857 341	666 344
Prepaid expenses	30 271		30 271	(22 989)
Accounts payable and accruals	(354 182)	(38 281)	(392 463)	(94 097)
Interest payable		(17 477)	(17 477)	(20 439)
Cash flows related to operating activities	(321 317)	690 225	368 908	737 711
INVESTMENT ACTIVITY				
Acquisition of fixed assets		(219 623)	(219 623)	(402 279)
Proceed of disposal of fixed assets		6 945	6 945	
Cash flows related to investment activities		(212 678)	(212 678)	(402 279)
FINANCING ACTIVITIES				
Increase in short-term borrowings		141 396	141 396	263 452
Repayment of long-term debt		(712 510)	(712 510)	(712 509)
Cash flows related to financing activities		(571 114)	(571 114)	(449 057)
DECREASE IN CASH AND CASH EQUIVALENTS	$(321 317)	$(93 567)	(414 884)	(113 625)
CASH ON HAND, BEGINNING OF YEAR			1 083 015	1 196 640
CASH ON HAND, END OF YEAR			$668 131	$1 083 015
INTEREST PAID			$1 035 052	$1 089 381

1. CONSTITUTION AND PURPOSE

The Bibliothèque nationale du Québec was established under a special Act (R.S.Q., c. B-2.1) for the purpose of assembling, preserving and disseminating the Québec published documentary heritage and any related document presenting a cultural interest, as well as documents relating to Québec that are published outside Québec.

2. PURPOSE OF THE FUNDS

The General Fund discloses the Bibliothèque's current operations.

The Fixed Assets Fund discloses operations related to the acquisition and financing of the Bibliothèque's fixed assets.

3. ACCOUNTING POLICIES

The financial statements of the Bibliothèque were prepared by management on the accrual basis in accordance with the accounting policies disclosed below. These statements include amounts based on best estimates and judgements.

Subsidy Recording

Subsidies are recorded as revenue in the fiscal year in which the related expenses were incurred.

Publications, Books and Collections

Acquisitions of publications, books and collections are charged to the General Fund's expenditure.

The value of publications, books and collections received as donations is ascertained by experts and, if necessary, certified by the Canadian Cultural Property Export Review Board of the Government of Canada.

Expenses with regard to subscriptions, posted to the "Publications, books and collections," are recorded upon payment.

Deferred Discount on Long-Term Debt

The discount on the long-term debt is deferred and amortized according to the straight-line method over the initial term of the borrowing.

Fixed Assets

Fixed assets are recorded at cost and amortized according to the straight-line method over the duration of their estimated service life, namely:

Building	40 years
Furniture and fixtures	10 years
Equipment	5 years
Automotive equipment	5 years
Data processing equipment	3 years

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Bibliothèque lacks sufficient information to apply the accounting procedure for defined benefit plans.

4. CHANGES IN ACCOUNTING POLICY

As of this fiscal year, the Bibliothèque will be recording vacation time to be paid to employees as well as unused leave cumulated by its unionized employees. Previously, these fringe benefits were taken into account when the employees used them.

These modifications, which apply retroactively with adjustment of figures of previous fiscal years, increase (decrease) the following items in the financial statements:

General Fund	2001	2000
Fringe benefit expenses	$18 549	$16 838
Provision for vacation time	83 376	75 259
Future fringe benefits	1 157 277	1 146 845
Fund balance	(1 222 104)	(1 205 266)

5. FINANCIAL EXPENSES

	2001	2000
Interest on long-term debt	$978 446	$1 024 759
Interest on short-term borrowings	17 293	5 413
Amortization of the discount on deferred long-term debt	38 771	38 770
	$1 034 510	$1 068 942

6. GOUVERNEMENT DU QUÉBEC SUBSIDIES RECEIVABLE

Gouvernement du Québec subsidies receivable presented for the short term, correspond to a portion of the operating subsidy, interest accrued on short-term loans and the long-term debt and repayments of the capital on the long-term debt in the coming fiscal year.

Long-term subsidies represent total Gouvernement du Québec commitments related to fixed assets and their maintenance minus capital on the long-term debt already repaid and to be repaid in the coming fiscal year.

7. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Land	$994 000		$994 000	$994 000
Building	13 684 337	$1 683 390	12 000 947	12 343 056
Furniture and fixtures	1 951 101	858 694	1 092 407	1 223 219
Equipment	701 312	614 051	87 261	142 627
Automotive equipment	24 250	19 400	4 850	9 700
Data processing equipment	2 259 777	2 061 954	197 823	224 884
	$19 614 777	$5 237 489	$14 377 288	$14 937 486

8. SHORT-TERM BORROWINGS

	2001	2000
Borrowings on note from the Financing Fund of the Gouvernement du Québec:		
- 6.0% (effective rate of 6.029%), repayable on August 31, 2001 (2000 – 5.4% (effective rate of 5.492%))	$82 828	$30 003
- 6.0% (effective rate of 5.981%), repayable on September 14, 2001 (2000 – 5.3 % (effective rate of 5.367%))	70 600	50 850
- 6.0% (effective rate of 5.981%) repayable on October 5, 2001 (2000 – 5.2% (effective rate of 5.253%))	138 260	211 697
- Borrowings on bank credit margin at a maximum amount of $1 898 200 bearing interest at the prime rate (6.75%) and renewable on August 1, 2001	142 258	
	$433 946	$292 550

The capital and interest on these loans are guaranteed by the Gouvernement du Québec, which has made the commitment to pay a subsidy for the repayment of interest.

9. LONG-TERM DEBT

	2001	2000
Borrowings on a note from the Financing Fund of the Gouvernement du Québec:		
- 6.5% (effective rate of 6.812%), repayable in annual instalments of $685 916 until October 1, 2006 and a final instalment of $10 288 740 on October 1, 2007	$14 404 236	$15 090 152
- 6.5% (effective rate of 6.812%), repayable in annual instalments of $26 593 until October 1, 2006 and a final instalment of $132 970 on October 1, 2007	292 527	319 121
	14 696 763	15 409 273
Instalments due within one year	712 509	712 509
	$13 984 254	$14 696 764

Payments of principal on the long-term debt for the next five fiscal years are $712 509 a year. Payment of the principal and interest on these borrowings is guaranteed by the Gouvernement du Québec which has committed to paying a subsidy to cover their repayment.

10. DEFERRED GOUVERNEMENT DU QUÉBEC SUBSIDIES

	2001	2000
Fixed Assets Fund		
Opening balance	$13 401 974	$14 051 870
Amortization for the year	693 556	649 896
Closing balance	12 708 418	13 401 974
General Fund		
Opening balance		24 141
Transfer to operations		24 141
Closing balance		
	$12 708 418	$13 401 974

11. FUTURE FRINGE BENEFITS

Pension Plans

The staff members of the Bibliothèque participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interentreprise defined benefit plans and include guaranteed payments upon retirement and death.

The Bibliothèque's contributions charged to the year-end statement amount to $192 670 (2000: $260 020). The liability of the Bibliothèque towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provisions for sick leave

	2001	2000
Opening balance	$1 146 845	$1 123 000
Charge for the year	207 358	198 823
Benefits paid during the year	(196 926)	(174 978)
Closing balance	$1 157 277	$1 146 845

12 RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in the financial statements, the Bibliothèque is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Bibliothèque did not conclude any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

13. MERGER PROJECT

The Ministère de la Culture et des Communications tabled a Bill designed to create a new institution from the merger of the Bibliothèque nationale and the Grande bibliothèque.

As of May 4, 2001, this Bill had not yet been passed.

MANAGEMENT'S REPORT

The financial statements of the Bibliothèque nationale du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies, which are disclosed in Note 3 of the financial statements. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Bibliothèque recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities and it approves the monthly and annual financial statements.

The Auditor General of Québec has conducted an audit of the Bibliothèque's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Jean-Guy Théoret
Acting President and Chief Executive Officer

Montréal, May 4, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Bibliothèque nationale du Québec as at March 31, 2001, the statements of revenue and expenditure and of Fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Bibliothèque's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Bibliothèque as at March 31, 2001, the results of its operations and cash flows for the year then ended in accordance with the accounting policies disclosed in Note 3. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in recording future fringe benefits explained in Note 4, these policies were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 4, 2001

BUREAU D'ACCRÉDITATION DES PÊCHEURS ET DES AIDES-PÊCHEURS DU QUÉBEC
(R.S.Q., c. B-7.1)

REVENUE, EXPENDITURE AND DEFICIT
for the year ended March 31, 2001

	2001 (12 months)	2000 (3 months)
REVENUE		
Contributions	$195 800	
Other	9 419	
Contributions related to fixed assets	2 533	$3 587
	207 752	3 587
EXPENDITURE		
Service agreement – salaries and fringe benefits	105 057	34 942
Service agreement – administration	15 590	
Office supplies	20 158	1 057
Telecommunications	2 253	1 157
Advertising		1 010
Publication and translation of regulations	1 305	
Travel and entertainment	23 301	5 491
Maintenance and repairs	3 282	306
Miscellaneous	3 881	
Bank charges	240	
Depreciation of fixed assets	3 326	3 587
	178 393	47 550
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	29 359	(43 963)
DEFICIT, BEGINNING OF YEAR	(43 963)	
DEFICIT, END OF YEAR	$(14 604)	$(43 963)

BUREAU D'ACCRÉDITATION DES PÊCHEURS ET DES AIDES-PÊCHEURS DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$187 195	$50 183
Accounts receivable (Note 3)	5 596	
	192 791	50 183
Fixed assets (Note 4)	8 066	8 748
	$200 857	$58 931
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$62 812	$43 963
Deferred revenue (Note 5)	146 434	50 183
	209 246	94 146
Deferred contributions related to fixed assets	6 215	8 748
	215 461	102 894
DEFICIT	(14 604)	(43 963)
	$200 857	$58 931

On behalf of the Board of Directors,
Jean-Claude Blanchette, Director
Oneil Cloutier, Director

BUREAU D'ACCRÉDITATION DES PÊCHEURS ET DES AIDES-PÊCHEURS DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001 (12 months)	2000 (3 months)
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	$29 359	$(43 963)
Adjustments for:		
Depreciation of fixed assets	3 326	3 587
Amortization of deferred contributions related to fixed assets	(2 533)	(3 587)
	30 152	(43 963)
Change in non-cash item s related to Operations		
Increase in accounts receivable	(5 596)	
Increase in accounts payable and accrued liabilities	18 849	43 963
Increased in deferred revenue	96 251	50 183
	109 504	94 146
Cash flows provided by operating activities	139 656	50 183
INVESTMENT ACTIVITIES		
Cash flows used for investment activities		
Acquisition of fixed assets	(2 644)	
INCREASE IN CASH ON HAND	137 012	50 183
CASH ON HAND, BEGINNING OF YEAR	50 183	
CASH ON HAND, END OF YEAR	$187 195	$50 183

BUREAU D'ACCRÉDITATION DES PÊCHEURS ET DES AIDES-PÊCHEURS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
as at March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Bureau d'accréditation des pêcheurs et des aides-pêcheurs du Québec is a legal person that is an agent of the State. It was established on August 4, 1999 under the Act respecting the Bureau d'accréditation des pêcheurs et des aides-pêcheurs du Québec (R.S.Q., c. B-7.1). The Bureau's mission consists in implementing a system for recognizing the professional qualifications of fishermen and fishermen's assistants in tidal waters except for fishing for anadromous and catadromous species.

2. ACCOUNTING POLICIES

The financial statements were prepared by the Bureau's management basis in accordance with the generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Recording Revenue

The agency applies the deferral method for recording contributions. According to this method, contributions charged to future fiscal years are deferred and recorded as revenue in the fiscal year in which the related expenses are incurred. Unallocated contributions are recorded as revenue when received or receivable, if the amount receivable can reasonably be estimated and it is reasonably certain that it will be cashed in.

Fixed assets

Fixed assets are recorded at the original cost and amortized based on their service life according to the diminishing balance method at the following annual rates:

Office furniture and equipment	20%
Computer equipment	30%

3. ACCOUNTS RECEIVABLE

	2001	2000
Federal and provincial taxes	$5 513	
Other	443	
	$5 956	

4. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Office furniture and equipment	$1 603	$877	$726	$907
Computer equipment	24 704	17 364	7 340	7 841
	$26 307	$18 241	$8 066	$8 748

5. DEFERRED REVENUE

	2001	2000
Registration fees paid by fishermen and fishermen's assistants	$146 434	$50 183

Deferred revenue represent the registration fees paid by fishermen and fishermen's assistants for fiscal 2001-2002. These contributions are designed to cover operating expenses for the coming fiscal year.

6. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Bureau is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Bureau did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Bureau d'accréditation des pêcheurs et des aides-pêcheurs du Québec as at March 31, 2001, and the statements of revenue and expenditure and deficit and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Bureau' management. My responsibility is to express an opinion on these financial statements based on my audit.

With the exception of the mention in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Bureau obtains most of its proceeds in the form of contributions from Québec fishermen and fishermen's assistants for which it is not possible to verify the comprehensiveness satisfactorily. Consequently, my audit is limited to the amounts recorded in the agency's accounts and I was not able to determine whether certain adjustments should have been made to contribution income in the short-term assets and the surplus.

In my opinion, with the exception of the effect of the adjustment I might have deemed necessary, had I been able to check the comprehensiveness of the contributions mentioned in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Bureau as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion these principles were applied on a basis consistent with that of the preceding year.

The figures for fiscal 2000 presented for comparison purposes were taken from financial statements audited by other auditors.

Doris Paradis, FCA
Acting Auditor General of Québec

Québec, June 19, 2001

BUREAU DES SERVICES FINANCIERS
(R.S.Q., c. D-9.2)

STATEMENT OF REVENUE AND EXPENDITURES
for the year ended December 31

	2000	1999
REVENUE		
Contributions	$5 528 119	$1 159 407
Other services	61 423	3 770
Analysis of distribution guides	26 120	91 800
Examinations	497 729	131 212
Study of files	741 331	71 245
Sales of manuals and forms	465 986	204 299
Dues – Centre collégial de formation à distance	44 760	23 223
Other income – interest	143 698	54 008
Fees of the Chambers and Grouping of Québec brokerage firms	27 422	11 295
Loss on the disposal of assets	(440)	
	7 536 148	1 750 259
EXPENDITURES		
Direct salaries	3 822 695	2 057 178
External professional services	276 520	504 798
Fees relative to the Act	(483 321)	437 500
Travel expenses	205 839	277 067
Fringe benefits	589 015	230 752
Share of the commitment of the Commission des valeurs mobilières du Québec		214 415
Information and telephone systems	16 596	
Publication and communications	131 011	185 668
Rent	366 783	145 704
Mail an courier services	210 280	136 948
External costs – manuals and forms	148 407	118 374
Directors' fees	83 798	118 094
Committee members' fees	46 900	52 700
Telecommunications	213 049	114 135
Translation	26 529	80 824
Office supplies and stationery	144 538	66 451
Interest on bank loans		66 327
Expenses relative to college studies attestations, training and examinations		57 609
Centre collégial de formation à distance		46 576
Bank charges	57 824	27 746
Maintenance and repairs	34 452	24 809
Advertising	35 243	23 463
Rental equipment	18 597	19 223
Insurance	40 230	18 746
Examination of candidates	136 207	15 740
Taxes and permits	62 422	11 704
Training expenses	18 471	4 165
Training material	177 605	2 440
Fees relative to illegal practice	21 628	4 105
Doubtful accounts	9 611	
Training programs	20 268	
Amortization – First set-up expenses	624 482	173 595
Amortization – Fixed assets	426 033	68 940
Amounts carried forward	$7 481 712	$5 305 796

BUREAU DES SERVICES FINANCIERS

STATEMENT OF REVENUE AND EXPENDITURES (cont'd)
for the year ended December 31

	2000	1999
Amounts brought forward	$7 481 712	$5 305 796
First set-up expenses		(3 336 190)
	7 481 712	1 969 606
SURPLUS REVENUE (EXPENDITURES)	$54 436	$(219 347)

STATEMENT OF ACCUMULATED REVENUE SURPLUS
for the year ended December 31

	2000	1999
BALANCE AT BEGINNING OF YEAR	$2 258 695	
Transfer of net assets received from the organizations that were replaced (Note 1)		
Conseil des assurances de dommages		$2 223 644
Conseil des assurances de personnes		254 398
Surplus revenue (expenditures)	54 436	(219 347)
BALANCE AT END OF YEAR	$2 313 131	$2 258 695

BUREAU DES SERVICES FINANCIERS

BALANCE SHEET
as at December 31

	2000	1999
ASSETS		
Current assets		
Cash	$51 289	$33 075
Short-term investments (Note 4)	3 095 000	1 445 000
Accounts receivable (Note 5)	272 656	2 598 500
Inventory	119 150	134 550
Prepaid expenses	151 879	60 578
	3 689 974	4 271 703
Fixed assets (Note 6)	1 728 897	737 845
First set-up expenses (Note 7)	2 341 806	3 298 288
	$7 760 677	$8 307 836
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 8)	$1 892 042	$2 414 582
Deferred income	2 657 778	3 634 559
Income collected in advance (Note 8)	897 726	
	5 447 546	6 049 141
ACCUMULATED REVENUE SURPLUS	2 313 131	2 258 695
	$7 760 677	$8 307 836

On behalf of the Board,
Louise Champoux-Paillé, President
Charles Pelletier, Director

STATEMENT OF CASH FLOW
for the year ended December 31

	2000	1999
OPERATING ACTIVITIES		
Surplus revenue (expenditures)	$54 436	$(219 347)
Adjustments for:		
Increase in deferred charges	332 000	(3 336 190)
Depreciation of fixed assets	426 033	68 940
Amortization of deferred charges	624 482	173 595
Loss on disposal of assets	440	
	1 437 391	(3 313 002)
Change in non-cash working capital items (Note 11)	1 648 348	2 580 473
Cash flow from operating activities	3 085 739	(732 529)
INVESTING ACTIVITIES		
Product from the disposal of fixed assets	3 000	
Acquisition of fixed assets	(1 420 525)	(680 423)
Cash flow from investing activities	(1 417 525)	(680 423)
FINANCING ACTIVITIES		
Loans from the Ministère des Finances		(503 698)
Cash flow from financing activities		(503 698)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1 668 214	(1 916 650)
CASH AND CASH EQUIVALENTS ORIGINATING FROM THE ORGANIZATIONS THAT WERE REPLACED		2 944 853
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1 478 075	449 872
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 11)	$3 146 289	$1 478 075

NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2000

---

1. DESCRIPTION OF THE BUREAU

Created under Bill 188 which was adopted on June 19, 1998, the mission of the Bureau des services financiers is to ensure public protection as regard the distribution of financial products and services in the fields of activity under its authority, namely: insurance of persons, group insurance of persons, damage insurance, claims adjustment, financial planning, group savings plan brokerage, investment contracts brokerage and scholarship plans brokerage.

In accordance with the Act, the Bureau is a legal person. It is not a public body, a government body or agency, or a government corporation within the meaning of the Financial Administration Act, the Act respecting the Ministère des Affaires internationales, de l'Immigration et des Communautés culturelles, the Act respecting the Ministère du Conseil exécutif or the Auditor General Act.

When certain provisions of Bill 188 came into force, the property, rights and obligations of the Conseil des assurances de personnes and the Conseil des assurances de dommages were transferred to the Bureau des services financiers.

2. CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, the Bureau applied the new recommendations of the Canadian Institute of Chartered Accountants with respect to future employee benefits on a prospective basis, without adjustment of previous fiscal years.

3. ACCOUNTING POLICIES

The financial statements were prepared in accordance with generally accepted accounting principles in Canada and take into account the following principal accounting policies:

Cash flow

In accordance with the recommendations of the Canadian Institute of Chartered Accountants with respect to cash flow statements, cash out of operations is excluded from the Cash Flow Statement and is presented elsewhere in the Financial Statements. Cash equivalents are limited to investments that are easily convertible into a known amount of cash, the value of which is not likely to change significantly.

Short-term investments

Short-term investments are evaluated at cost.

First set-up expenses

Expenses for the first set-up were incurred for the establishment of the Bureau. These expenses represent mainly the remuneration and the professional fees for the purpose of hiring human resources, and expenses relative to the holding of the first meetings of the board. These expenses are amortized over a five-year period from the date on which the Bureau collects contributions from its members, in accordance with the provisions of Bill 188 respecting the distribution of financial products and services, that is, October 1, 1999.

Inventory

The inventory, which consists mainly of training manuals, is evaluated at the lesser of the cost or the replacement cost. The average cost method is used in calculating the costs.

Fixed assets

Fixed assets are accounted for at cost. The amortization is calculated in accordance with the straight-line method of depreciation over the following terms:

Office furniture and equipment	5 years
Data processing equipment, software and systems development	3 years
Training material	3 years
Leasehold improvements	Remaining term of the leases

3. ACCOUNTING POLICIES (cont'd)

Income recognition

Income from contributions

Income from contributions is accounted for on a fiscal year basis. The amounts invoiced for a period exceeding the end of the fiscal year are accounted for as deferred income.

Income other than contributions

Income other than contributions is accounted for at the time when the supply is delivered or the service is rendered.

Income collected in advance

Income collected in advance represents the amounts cashed on income belonging to the fiscal year starting January 1, 2001.

4. SHORT-TERM INVESTMENT

Investments are made up of term deposits bearing interest at rates varying between 5.0% and 5.8% and have expiry dates in January and November 2001.

5. ACCOUNTS RECEIVABLE

	2000	1999
Contributions	$136 412	$2 405 739
Other amounts to be collected	136 244	192 761
	$272 656	$2 598 500

6. FIXED ASSETS

	2000			1999
	Cost	Accumulated depreciation	Net value	Net value
Office furniture and equipment	$360 573	$76 145	$284 428	$168 832
Data processing equipment and software	686 456	187 490	498 966	256 722
Systems development	803 110	191 061	612 049	241 899
Training material	182 434	9 120	173 314	
Leasehold improvements	191 043	30 903	160 140	70 392
	$2 223 616	$494 719	$1 728 897	$737 845

7. FIRST SET-UP EXPENSES

	2000			1999
	Cost	Accumulated depreciation	Net value	Net value
First set-up expenses	$3 139 883	$798 077	$2 341 806	$3 298 288

8. ACCOUNTS PAYABLE AND ACCRUED FEES

	2000	1999
Accounts payable ledger	$470 376	$342 765
Accrued fees	853 601	1 753 953
Owing to the Fonds d'indemnisation des services financiers	198 581	7 499
Chambre de la sécurité financière	64 666	152 792
Chambre de l'assurance de dommages	304 818	138 754
Grouping of Québec brokerage firms		18 819
	$1 892 042	$2 414 582

9. OWING TO THE MINISTÈRE DES FINANCES DU QUÉBEC AND BANK LOANS

Owing to the Ministère des Finances du Québec

Temporary loans from the finance fund authorized under order 105-2001, that may reach a maximum of $3 000 000 at the one-month banker's acceptance interest rate, to which is added a 0.30% margin. Also, the total of such current temporary loans not yet refunded may not exceed this authorized maximum amount, until December 31, 2002.

10. UNCERTAINTY RELATIVE TO THE MEASURE

Within the scope of the establishment of Bill 188 as well as the terms and conditions of application of this legislation, the Bureau des services financiers entered, in 1999, a reserve of $437 500 to cover the expenditures that would be transferred to it by the Québec government and regulatory organizations. On the other hand, the Bureau kept reserves for a total of $540 000, that were previously accounted for by the merged organizations, in this instance the Conseil des assurances de dommages and the Conseil des assurances de personnes.

Further to the receipt of new convincing elements dated February 23, 2001, management deposited during the year, in the accounts originally debited, the balance of the reserves unpaid at that date, or $953 500. This reserve reversal represents the best estimate that the management of the Bureau can make on the basis of the information that is now available. Should the actual data differ from the estimates, the adjustment will be made in the fiscal year then in progress.

11. INFORMATION COMPLEMENTARY TO THE CASH FLOW STATEMENT

Change in non-cash working capital items

	2000	1999
Decrease (increase) in current assets		
Accounts receivable	$2 325 844	$(1 488 573)
Inventories	15 400	(81 132)
Prepaid expenses	(91 301)	(40 442)
Increase (decrease) in current liabilities		
Accounts payable and accruals	(522 540)	903 062
Deferred income	(976 781)	3 287 558
Income collected in advance	897 726	
	$1 648 348	$2 580 473

---

11. INFORMATION COMPLEMENTARY TO THE CASH FLOW STATEMENT (cont'd)

Net assets received from the organizations replaced

During the fiscal year, the Bureau received, without offering compensation, the net assets of the organizations it replaces. Such net assets are distributed as follows:

	2000	1999
Current assets, including cash on hand		$4 127 714
Fixed assets		126 362
Current liabilities taken charge of		(1 776 034)
		$2 478 042

Cash and cash equivalents

	2000	1999
Cash on hand	$51 289	$33 075
Short-term investments	3 095 000	1 445 000
	$3 146 289	$1 478 075

Interest paid

	2000	1999
Interest		$66 327

12. COMMITMENTS

Under the operating lease for the rental of its offices located in Québec City and Montréal as well as for the rental of office equipment, the Bureau undertook to pay $2 063 872 until 2005. Payments to be made in the next five fiscal years are spread out as follows:

2001	$519 348
2002	521 960
2003	494 991
2004	253 235
2005	274 338

On the other hand, under a group retirement savings plan, the Bureau undertook to pay an amount equal to the contribution of employees that meet the employer's contribution conditions, up to 5% of the employee's annual salary.

13. FUTURE FRINGE BENEFITS

Pursuant to employment contracts concluded with its employees, the Bureau provides for severance pay. The obligations, assets, charges as well as the basic data relative to the benefits offered to the employees are determined as follows:

Obligations as regards the indemnities payable

	2000	1999
Current service cost and balance at the end of the fiscal year	$26 000	

---

13. FUTURE FRINGE BENEFITS (cont'd)

The significant actuarial assumptions retained by the company to evaluate its obligations as regards severance pays are the following.:

Discount rate	5%
Growth rate of remuneration	2.5%
Net charge to the corporation as regards severance pays	$26 000

AUDITORS' REPORT

To the members of the board of directors of the
Bureau des services financiers

We have audited the balance sheet of the Bureau des services financiers as at December 31, 2000, and the statements of revenue and expenditures, accrued revenue surplus and cash flow for the year then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bureau des services financiers as at December 31, 2000, and the results of its operations and cash flow for the year ended at this date in accordance with generally accepted accounting principles in Canada.

Samson, Bélair,
Deloitte & Touche
Chartered Accountants

February 23, 2001

BUREAU DES SERVICES FINANCIERS

FONDS D'INDEMNISATION DES SERVICES FINANCIERS

STATEMENT OF REVENUE AND EXPENDITURES
for the period ended December 31, 2000

	Fonds d'indemnisation des services financiers	Fonds d'indemnisation des assurances de personnes	Fonds d'indemnisation des assurances de dommages	Fonds d'indemnisation des planificateurs financiers	2000 Total	1999 Total
REVENUE						
Contributions (Note 8)	$2 931 804				$2 931 804	$392 096
Interest	70 510	$11 800	$60 411	$1 658	144 379	17 622
Subrogation revenue						50
	3 002 314	11 800	60 411	1 658	3 076 183	409 768
EXPENDITURES						
Compensations	1 514 778	643 968	(47 983)		2 110 763	754 402
Directors' fees	33 301	(376)			32 925	20 700
Living expenses	7 708				7 708	2 741
Travel expenses	5 389				5 389	2 834
Management fees	151 830				151 830	20 879
Occupancy fees	9 161				9 161	1 613
Professional fees	29 368	16 815	139		46 322	25 843
Rental of premises	132				132	150
Advertising	124				124	351
Stationery	1 985				1 985	2 075
Insurance	8 566		1 812		10 378	453
Office supplies	3 230				3 230	24
Mail and courier services	588				588	22
Bank charges	904	77	7		988	3
Training	38				38	
	1 767 102	660 484	(46 025)		2 381 561	832 090
SURPLUS REVENUE (EXPENDITURES)	$1 235 212	$(648 684)	$106 436	$1 658	$694 622	$(422 322)

BUREAU DES SERVICES FINANCIERS

FONDS D'INDEMNISATION DES SERVICES FINANCIERS

STATEMENT OF THE EVOLUTION OF THE BALANCES OF THE FUNDS

for the fiscal year ended December 31, 2000

	Fonds d'indemnisation des services financiers	Fonds d'indemnisation des assurances de personnes	Fonds d'indemnisation des assurances de dommages	Fonds d'indemnisation des planificateurs financiers	2000 Total	1999 Total
BALANCE AT BEGINNING OF YEAR	$219 735	$(559 062)	$909 406	$29 087	$599 166	
Surplus revenue (expenditures)	1 235 212	(648 684)	106 436	1 658	694 622	$(422 322)
Transfer of the balance of the Fonds d'indemnisation en assurances de dommages as of September 30, 2000 (Note 7)						884 930
Transfer of the balance of the Fonds d'indemnisation en assurances de personnes as of September 30, 2000 (Note 7)						107 508
Transfer of the balance of the Fonds d'indemnisation des planificateurs financiers as of September 30, 2000 (Note 7)						29 050
BALANCE AT END OF YEAR	$1 454 947	$(1 207 746)	$1 015 842	$30 745	$1 293 788	$599 166

BUREAU DES SERVICES FINANCIERS

FONDS D'INDEMNISATION DES SERVICES FINANCIERS

BALANCE SHEET
as at December 31, 2000

	Fonds d'indemnisation des services financiers	Fonds d'indemnisation des assurances de personnes	Fonds d'indemnisation des assurances de dommages	Fonds d'indemnisation des planificateurs financiers	2000 Total	1999 Total
ASSETS						
Current assets						
Cash	$142 665		$30 613	$66	$173 344	$766
Short-term deposits (Note 3)	2 545 283	$40 471	1 031 926	30 579	3 648 259	1 803 457
Accounts receivable (Note 4)	29 496	95	6 424	100	36 115	20 018
Receivable from the Bureau des services financiers (Note 8)	198 581				198 581	7 499
Prepaid expenses	80 203		24 797		105 000	26 608
	$2 996 228	$40 566	$1 093 760	$30 745	$4 161 299	$1 858 348
LIABILITIES						
Current liabilities						
Bank overdraft		$20 673			$20 673	
Accounts payable and liabilities (Note 5)	$26 503	16 803	$139		43 445	$117 120
Compensations payable	1 514 778	1 210 836	77 779		2 803 393	1 131 415
Income collected in advance (Note 8)						10 647
	1 541 281	1 248 312	77 918		2 867 511	1 259 182
BALANCES OF FUNDS (Note 1)	1 454 947	(1 207 746)	1 015 842	$30 745	1 293 788	599 166
	$2 996 228	$40 566	$1 093 760	$30 745	$4 161 299	$1 858 348

On behalf of the Board,
Gilbert Lalonde, Director
Lise Tremblay, Director

BUREAU DES SERVICES FINANCIERS

FONDS D'INDEMNISATION DES SERVICES FINANCIERS

NOTES TO FINANCIAL STATEMENTS
for the fiscal year ended December 31, 2000

---

1. DESCRIPTION OF THE FUNDS

Creation of the funds

The Fonds d'indemnisation des services financiers is a fund established under the Act respecting the distribution of financial products and services, sanctioned on June 20, 1998, by the Government of Québec. This fund replaced the corresponding funds created under the Act respecting market intermediaries, sanctioned on June 22, 1989, by the Québec Government, and dissolved on October 1, 1999, under the Act respecting the distribution of financial products and services.

Among the assets of the Fonds d'indemnisation des services financiers, there are three separate patrimonies made up of the amounts issuing from the Fonds d'indemnisation en assurance de dommages, the Fonds d'indemnisation en assurance de personnes and the Fonds d'indemnisation des planificateurs financiers.

The object of the Fonds d'indemnisation des services financiers is to administer the sums of money deposited with it. Its mission is also to compensate people who suffered a prejudice following a fraud, fraudulent tactics, or embezzlement for which a firm, an independent representative or an independent partnership may be held responsible in the pursuit of its or his activities. Its mandate is also to take charge of the claims filed with the former funds and to rule on the admissibility for the payment of claims arising from acts that occurred between September 1, 1991, and September 30, 1999, in accordance with the rules applicable under the Act respecting market intermediaries.

2. ACCOUNTING POLICIES

The financial statements were prepared in accordance with generally accepted accounting principles in Canada and take into account the following main accounting policies:

Income recognition

Income from contributions is accounted for as soon as the Bureau des services financiers collects these sums.

Compensation

The compensation expenditure in the Statement of Revenue and Expenditures is basically made up of the compensation reserve for the fiscal year in comparison with the preceding fiscal year and the compensation disbursements made during the fiscal year.

3. SHORT-TERM DEPOSITS

Short-term deposits bear interest at rates varying between 5.00% and 6.00%, and expire between January 2001 and May 2002.

4. ACCOUNTS RECEIVABLE

	Fonds d'indemnisation des services financiers	Fonds d'indemnisation des assurances de personnes	Fonds d'indemnisation des assurances de dommages	Fonds d'indemnisation des planificateurs financiers	2000 Total	1999 Total
Accrued interest	$14 494	$95	$6 424	$100	$21 113	$2 530
Receivable from other funds	15 002				15 002	3 150
Other accounts receivable						14 338
	$29 496	$95	$6 424	$100	$36 115	$20 018

---

5. ACCOUNTS PAYABLE AND ACCRUALS

	Fonds d'indemnisation des services financiers	Fonds d'indemnisation des assurances de personnes	Fonds d'indemnisation des assurances de dommages	Fonds d'indemnisation des planificateurs financiers	2000 Total	1999 Total
Suppliers	$26 503	$1 940			$28 443	$111 537
Payable to other funds		14 863	$139		15 002	3 150
Liabilities						2 433
	$26 503	$16 803	$139		$43 445	$117 120

6. CASH FLOW

The cash flow statement is not presented, as it would not bring any additional useful information for the understanding of the cash flow during the year.

7. TRANSFER OF FUND BALANCES

The fund balances of the Fonds d'indemnisation en assurance de dommages, the Fonds d'indemnisation en assurance de personnes and the Fonds d'indemnisation des planificateurs financiers were transferred to the Fonds d'indemnisation des services financiers in accordance with the Act respecting the distribution of financial products and services.

8. OPERATION WITH THE BUREAU DES SERVICES FINANCIERS

The Bureau des services financiers supported almost all the operations of the Fonds d'indemnisation des services financiers for this fiscal year. The latter therefore paid certain expenses of the Compensation Fund for a total amount of $129 639 ($63 777 in 1999), including $89 568 ($63 777 in 1999) that is still owing to the Bureau as at December 31, 2000.

Also, the Bureau des services financiers is mandated to collect the contributions of registrants to the Compensation Fund and to hand them over to the latter. During the fiscal year, the Bureau collected contributions for a total amount of $2 931 804 ($314 713 in 1999).

As at December 31, 2000, the latter had handed $2 643 655 ($243 437 in 1999) over to the Compensation fund, which left a total payable of $288 149 ($71 276 in 1999). Thus, the net balance owing by the Bureau amounts to $198 581 ($7 499 in 1999).

9. COMPARATIVE DATA

Some of the figures of the preceding fiscal year were reclassified on the basis of the presentation adopted during the past fiscal year.

AUDITOR'S REPORT

To the National Assembly

We have audited the balance sheet of the Fonds d'indemnisation des services financiers as at December 31, 2000, and the statements of revenue and expenditures and the evolution of the balance of the Compensation Fund for the period ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2000, and the results of its operations and cash flow for the year ended in accordance with generally accepted accounting principles in Canada .

Samson Bélair
Deloitte & Touche
Chartered Accountants

February 23, 2001

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
(R.S.Q., c. C-2)

COMBINED STATEMENT OF INCOME
for the year ended December 31, 2000
(in millions of dollars)

	2000	1999
INCOME		
Investment income		
Bonds	2 103	1 817
Shares and convertible securities	629	562
Mortgages	147	127
Real estate holdings	569	479
Short-term investments	489	205
	3 937	3 190
Commitment an investment application analysis fees – CDP Private Equity	16	24
Other income	25	26
	3 978	3 240
Less:		
Investment management expenses (Note 5)		
CDP Global Asset Management and institutional services	46	42
CDP Private Equity	31	22
CDP Real Estate	24	20
External - management and safekeeping of securities	13	11
	114	95
	3 864	3 145
EXPENDITURES		
Administrative expenses (Note 5)		
CDP Global Asset Management and institutional services	17	16
CDP Private Equity	4	2
CDP Real Estate	27	20
	48	38
INCOME BEFORE THE FOLLOWING ITEM	3 816	3 107
Less:		
Non-controlling interest	82	80
NET INVESTMENT INCOME	3 734	3 027

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

COMBINED STATEMENT OF NET ASSETS
as at December 31, 2000
(in millions of dollars)

	2000	1999
ASSETS		
Investments at fair value (Note 3)		
Bonds	40 577	33 531
Shares and convertible securities	44 038	44 727
Mortgages	2 563	1 875
Real estate holdings	13 879	11 921
Short-term investments	5 690	5 109
Securities acquired under reverse repurchase agreements	2 963	1 417
	109 710	98 580
Advances to depositors	910	477
Investment income, accrued and receivable	879	816
Transactions being settled	1 299	421
Other assets	622	444
	113 420	100 738
LIABILITIES		
Deposits on loans of securities (Note 3)	5 830	4 539
Loans and notes payable (Note 3)	1 328	1 029
Transactions being settled	2 534	462
Commitments related to short selling of securities (Note 3)	7 179	4 863
Mortgage loans payable (Note 3)	5 422	5 030
Derivative financial instruments (Note 3)	1 466	1 569
Other liabilities	619	512
Non-controlling interests (Note 3)	779	1 191
	25 157	19 195
DEPOSITORS' HOLDINGS (Note 4)	88 263	81 543

DERIVATIVE FINANCIAL INSTRUMENTS (Note 6)

BREAKDOWN OF COMBINED NET ASSETS (complementary statistics)

On behalf of the Board of Directors,
Jean-Claude Scraire
Jean-Claude Bachand

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

COMBINED STATEMENT OF CHANGES IN NET ASSETS
for the year ended December 31, 2000
(in millions of dollars)

	2000	1999
INVESTMENT OPERATIONS		
Net investment income	3 734	3 027
Gains (losses) on sale of investments		
Bonds	(104)	(64)
Shares and convertible securities	7 248	3 970
Mortgages	(3)	13
Real estate holdings	58	(16)
Short-term investments	(187)	(197)
	7 012	3 706
Less:		
Non-controlling interests		(5)
	7 012	3 711
Unrealized increase (decrease) in value		
Investments		
Bonds	411	(1 081)
Shares and convertible securities	(7 363)	6 858
Mortgages	50	(69)
Real estate holdings	381	(130)
Short-term investments	451	9
Securities acquired under reverse repurchase agreements	14	(24)
	(6 056)	5 563
Less:		
Loans and notes payable	7	(3)
Deposits on loans of securities	40	(29)
Commitments related to short selling of securities	(253)	487
Mortgage loans payable	61	(66)
Derivative financial instruments	(170)	686
Non-controlling interests	62	(46)
	(253)	1 029
	(5 803)	4 534
Total investment operations	4 943	11 272
Excess depositors' deposits over withdrawals	1 777	1 271
INCREASE IN COMBINED NET ASSETS	6 720	12 543
COMBINED NET ASSETS, BEGINNING OF YEAR	81 543	69 000
COMBINED NET ASSETS, END OF YEAR	88 263	81 543

NOTES TO FINANCIAL STATEMENTS
December 31, 2000
(in millions of dollars)

1. CONSTITUTION AND OPERATIONS

The Caisse de dépôt et placement du Québec is a legal person within the meaning of the Civil Code, created by a special act (R.S.Q., chapter C-2). It receives funds, the deposit of which is provided for under a particular act.

General Fund

The General Fund is comprised of diversified investments and is a pooled fund for demand, term and participation deposits. The General Fund's net equity and net income as at December 31 were shared among participation deposit holders as follows:

	2000		1999	
	Number of units	%	Number of units	%
Régie des rentes du Québec				
Fonds du Régime de rentes du Québec	19 053 166	97.9	17 117 680	97.9
Régime de rentes de survivants *	385 551	2.0	348 266	2.0
Régie des assurances agricoles du Québec	21 984	0.1	10 578	0.1
Office de la protection du consommateur				
Fonds des cautionnements des agents de voyages				
Cautionnements collectifs				
Détaillants	4 423		4 093	
Grossistes	570		570	
Cautionnements individuels	1 079		943	
Magazine Protégez-vous	2 100		2 100	
Régie des marchés agricoles et alimentaires du Québec				
Fonds d'assurance-garantie	4 723		4 082	
Fédération des producteurs de bovins du Québec	2 675		2 007	
	19 476 271	100.0	17 490 319	100.0

* For the administration of survivor benefits for the management personnel of the government and public sector, under the responsibility of the secretariat of the Conseil du Trésor.

Individual Funds

The Individual Funds are comprised of diversified investments and each have only one depositor who exclusively makes participation deposits therein. The various Individual Funds are:

Fund 301

For the Government and Public Employees Retirement Plan administered by the Commission administrative des régimes de retraite et d'assurances.

Fund 302

For the future Pension Plan for Management administered by the Commission administrative des régimes de retraite et d'assurances (previously known as the Government and Public Employees Retirement Plan – contributions from non-unionized level employees).

Fund 303

For the Individual Plans administered by the Commission administrative des régimes de retraite et d'assurances.

1. CONSTITUTION AND OPERATIONS (cont'd)

Individual Funds (cont'd)

Fund 305

For the Pension Plan for Elected Municipal Officers administered by the Commission administrative des régimes de retraite et d'assurances.

Fund 306

For the Régime complémentaire de rentes des techniciens ambulanciers oeuvrant au Québec.

Fund 307

For the Société de l'assurance automobile du Québec.

Fund 311

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - general account - administered by the Commission de la construction du Québec.

Fund 312

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - retirees account - administered by the Commission de la construction du Québec.

Fund 313

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - supplementary account - administered by the Commission de la construction du Québec.

Fonds 314

For the Régie de l'assurance-dépôts du Québec.

Fonds 315

For the Fonds d'assurance-prêts agricoles et forestiers administered by the Société de financement agricole du Québec.

Fonds 316

For the Fonds d'amortissement du régime de retraite – RREGOP administered by the ministère des Finances du Québec.

Fonds 317

For the Fonds d'amortissement of the future Pension Plan for Management – PPM administered by the ministère des Finances du Québec.

Fonds 318

For the Fonds d'amortissement des autres régimes de retraite administered by the ministère des Finances du Québec.

Fund 330

For the Commission de la santé et de la sécurité du travail.

1. CONSTITUTION AND OPERATIONS (cont'd)

Specialized Portfolios

The specialized portfolios are pooled funds for participation deposits of the various Funds. The specialized portfolios are the following:

- Bonds
- Québec International bonds
- Canadian equities
- Diversified, strategic and tactical investments (created November 1, 2000)
- U.S. equities - hedged
- U.S. equities – unhedged (created April 1, 2000)
- Emerging market equities
- Foreign equities – hedged
- Foreign equities – unhedged (created April 1, 2000)
- Mortgages
- Real estate investments
- Short-term investments
- Canadam short-term investments

2. ACCOUNTING POLICIES

The combined financial statements of the Caisse have been prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best judgement and estimates.

a) Combined Financial Statements

The combined financial statements comprise the accounts of the Caisse's subsidiaries, those of the General Fund and the Individual Funds, as well as those of the specialized portfolios. The accounts of each of these Funds and of each of these portfolios are reflected in separate financial statements audited by the Auditor General of Québec.

b) Investments and Joint Operations

Investments and joint operations are recorded as at the commitment date, except transactions involving mortgages and real estate holdings, which are recorded as at the date of agreement.

Investments and related assets and liabilities are accounted for at fair value, which is the estimated exchange value which would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act, established at year-end. Such values are determined using valuation methods used in capital markets, such as the annualization of future cash flows at the current interest rate and the closing prices of the major stock exchanges as well as those provided by recognized brokerage firms. In addition, valuations are made by independent valuators while others are made in-house based on commonly used valuation methods.

Transactions by way of commitments related to short selling of securities result in the acquisition of securities under reserve repurchase agreements or in transactions on loans on securities.

The Caisse subsidiaries provide administrative and management services related to property on behalf of clients. These are not recorded in the Caisse's combined statement of net assets. The Caisse subsidiaries are paid administrative and management fees for such portfolio management and administrative services, which include the management of real estate properties and securitized loans.

c) Income

Income from derivative financial instruments is included in the income from the underlying investments.

Income on bonds and short-term investments includes income derived from securities acquired under reverse repurchase agreements reduced by interest expenses on deposits on loans of securities.

2. ACCOUNTING POLICIES (cont'd)

c) Income (cont'd)

Dividend income is recognized on the ex-dividend date. Income from loans of shares and convertible securities is presented under Investment income – shares and convertible securities.

Income from real estate holdings is reduced by interest on loans, notes payable and mortgage loans payable.

d) Gains and Losses on Sale of Investments

The gains and losses on the sale of investments are calculated using the unamortized cost in the case of bonds, mortgages and short-term investments, and the cost in the case of shares and convertible securities and of real estate holdings. The unamortized cost represents the acquisition cost restated to take into account the amortization of the premium and the discount that allows the investment to maintain a constant real return until maturity.

Gains and losses derived from derivative financial instruments are combined with gains and losses from underlying investments.

e) Foreign Currency Translation

The fair value of investments and any other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the rate of exchange prevailing at year-end.

The cost of investments in shares and that of real estate holdings from integrated foreign operations and the unamortized cost of investments in bonds, mortgages and short-term investments are translated at the rate prevailing on the acquisition date. The cost of investments from self-sustaining foreign operations is translated at the rate prevailing at year-end.

Income is translated at the rate of exchange prevailing on the transaction date, except income from the specialized real estate investments portfolio, which is translated at the average rate for the year. Gains and losses from derivative financial foreign exchange risk hedging instruments related to investments denominated in foreign currencies are deferred and accounted for in gains and losses on the sale of investments, upon realization of the hedged investments.

f) Fixed Assets

Costs related to the acquisition of telephone, computer and office automation equipment are capitalized and amortized over the useful life of each asset. Set-up costs for the premises and other leasehold improvement costs are amortized over the term of the lease. Costs related to the acquisition of the land and to the building in construction are capitalized. These fixed assets are presented under the item Other assets.

g) Investment Management Expenses and Administrative Expenses

Investment management expenses cover all expenses related directly to investment operations, including expenses paid to external financial institutions. These expenses are presented under a specific item, and are deducted from investment income. General administrative expenses are presented under the item Administrative expenses.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in millions of dollars)

3. INVESTMENTS AND LIABILITIES

Investments and liabilities whose cost differs from fair value are as follows:

	2000			
	Fair value			Cost
	Canadian	Foreign	Total	Total
Assets				
Investments				
Bonds	35 056	5 279	40 335	38 772
Shares and convertible securities	21 383	22 154	43 537	37 929
Mortgages	2 370	188	2 558	2 528
Real estate holdings	9 041	4 828	13 869	13 652
Short-term investments	4 435	709	5 144	5 167
Securities acquired under reverse repurchase agreements	319	2 644	2 963	2 973
	72 604	35 802	108 406	101 021
Derivative financial instruments	81	1 223	1 304	122
	72 685	37 025	109 710	101 143
Liabilities				
Deposits on loans of securities	4 106	1 724	5 830	5 819
Loans and notes payable	1 223	105	1 328	1 324
Commitments related to short selling of securities	4 449	2 730	7 179	6 913
Mortgage loans payable	2 835	2 587	5 422	5 405
Derivative financial instruments	52	1 414	1 466	148
Non-controlling interests	672	107	779	600

	1999			
	Fair value			Cost
	Canadian	Foreign	Total	Total
Assets				
Investments				
Bonds	28 690	3 662	32 352	32 133
Shares and convertible securities	22 780	21 459	44 239	31 260
Mortgages	1 685	190	1 875	1 890
Real estate holdings	7 376	4 490	11 866	12 091
Short-term investments	4 605	420	5 025	5 071
Securities acquired under reverse repurchase agreements	116	1 293	1 409	1 441
	65 252	31 514	96 766	83 886
Derivative financial instruments	1 139	675	1 814	81
	66 391	32 189	98 580	83 967

3. INVESTMENTS AND LIABILITIES (cont'd)

	1999			
	Fair value			Cost
	Canadian	Foreign	Total	Total
Liabilities				
Deposits on loans of securities	2 682	1 857	4 539	4 568
Loans and notes payable	997	32	1 029	1 032
Commitments related to short selling of securities	3 741	1 122	4 863	4 344
Mortgage loans payable	2 433	2 597	5 030	5 074
Derivative financial instruments	1 114	455	1 569	81
Non-controlling interests	1 138	53	1 191	1 074

The foreign exchange position for investments in foreign securities, other than those in emerging market securities or those hedged by a corresponding financial liability, is hedged by derivative financial instruments as shown in Note 6.

The cost of investments was reduced by $18 million as at December 31, 2000 (increased by $211 million in 1999), which represents the amount of the gains (losses) carried over to derivative financial foreign exchange risk hedging instruments.

The fair value of bonds and shares and convertible securities as well as short-term investments includes certain investments in private companies, in the amount of $1 129 million, $8 719 million and $1 263 million respectively as at December 31, 2000 ($1 855 million for bonds and $4 984 million for shares and convertibles securities in 1999), for which market prices are not available. The fair value of these securities is established based on commonly used valuation methods.

4. DEPOSITORS' HOLDINGS

Demand and term deposits bear interest and constitute the Caisse's indebtedness toward the depositors.

Participation deposits are expressed in units and each unit gives its holder a proportionate share in the net equity and net income of a particular Fund. At the end of each monthly period for the General Fund and the Individual Funds, the net investment income and gains and losses on the sale of investments are distributed to participation deposit holders. At the beginning of the following period, the amounts distributed are paid out to (recovered from) the depositors' demand deposit accounts.

	2000	1999
Indebtedness toward depositors		
Demand deposits	79	45
Term deposits	22	100
Interest on demand and term deposits	(2)	4
Net income to be paid out to participation deposit holders	550	1 195
Amounts carried forward	649	1 344

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in millions of dollars)

4. DEPOSITORS' HOLDINGS (cont'd)

	2000	1999
Amounts brought forward	649	1 344
Participation deposit holders' holdings		
Participation deposits		
Balance, beginning of year	62 203	55 716
Units issued	17 086	5 955
Units cancelled	(5 487)	(444)
Units to be issued		976
Balance, end of year	73 802	62 203
Amount not allocated with respect to real estate holdings *	79	89
Unrealized increase (decrease) in value allocated following interfund transactions	(113)	(32)
Amount not allocated following gains and losses on the sale of investments in the specialized portfolios **	7 074	5 374
Unrealized increase (decrease) in value of investments and other related assets and liabilities	6 772	12 565
	87 614	80 199
Depositors' holdings	88 263	81 543

* Represents the restated amount of accumulated amortization of real estate properties resulting from the recording of investments at fair value. This amount will be allocated upon the sale of the properties.

** Represents the gains and losses on the sale of investments in the specialized portfolios which are not distributed at year-end. This amount will be allocated upon the sale of participation units in portfolios.

5. INVESTMENT MANAGEMENT EXPENSES AND ADMINISTRATIVE EXPENSES

a) Investment management expenses detail as follows:

	2000			
	CDP Global Asset Management and institutional services	CDP Private Equity	CDP Real Estate	Total
Salaries and employee benefits	27	17	13	57
Professional fees	7	8	5	20
Premises and material	1	1	2	4
Depreciation of fixed assets	6	2	2	10
Other	5	3	2	10
	46	31	24	101
External – management and safekeeping of securities	13			13
	59	31	24	114

5. INVESTMENT MANAGEMENT EXPENSES AND ADMINISTRATIVE EXPENSES (cont'd)

	1999			
	CDP Global Asset Management and institutional services	CDP Private Equity	CDP Real Estate	Total
Salaries and employee benefits	23	12	10	45
Professional fees	9	5	5	19
Premises and material	1	1	1	3
Depreciation of fixed assets	5	1	1	7
Other	4	3	3	10
	42	22	20	84
External – management and safekeeping of securities	11			11
	53	22	20	95

b) Administrative expenses detail as follows:

	2000			
	CDP Global Asset Management and institutional services	CDP Private Equity	CDP Real Estate	Total
Salaries and employee benefits	8	2	15	25
Professional fees	4	1	3	8
Premises and material	1		3	4
Depreciation of fixed assets	2	1	1	4
Other	2		5	7
	17	4	27	48

	1999			
	CDP Global Asset Management and institutional services	CDP Private Equity	CDP Real Estate	Total
Salaries and employee benefits	7	1	10	18
Professional fees	4	1	2	7
Premises and material	1		3	4
Depreciation of fixed assets	2		1	3
Other	2		4	6
	16	2	20	38

5. INVESTMENT MANAGEMENT EXPENSES AND ADMINISTRATIVE EXPENSES (cont'd)

c) Management expenses are attributable to investment categories as follows:

	2000	1999
Bonds	20	18
Shares and convertible securities	66	53
Mortgages	5	4
Real estate holdings	22	18
Short-term investments	1	2
	114	95

6. DERIVATIVE FINANCIAL INSTRUMENTS

Pursuant to its investment operations management, the Caisse conducts transactions involving various derivative financial instruments either to hedge against the risks associated with fluctuations in exchange rates or to manage risks associated with interest rate and market fluctuations. As at December 31, these instruments, the favourable fair value of which is grouped with that of the underlying investments while the unfavourable fair value is recorded in liabilities, including amounts payable on these instruments, under the item Derivative financial instruments, were as follows:

	2000		1999	
	Fair value	Notional amount	Fair value	Notional amount
Over-the-counter products				
Foreign exchange risk hedging *				
Forward exchange contracts				
Purchases	(14)	1 277	(15)	1 201
Sales	(183)	23 899	426	22 342
Foreign currency swaps				
Sales	(113)	586	(92)	804
Foreign currency options				
Purchases		126	2	58
Sales	(2)	239		58
Interest rate and market risk management				
Forward exchange contracts				
Purchases	(72)	15 911	(147)	11 153
Sales	200	9 688	68	4 771
Equity index forwards				
Purchases			1 062	1 343
Sales			(1 059)	1 343
Forward rate agreements				
Purchases		60		
Currency and interest rate swaps	48	15 864	5	8 672
Options on interest rate swaps				
Purchases	2	203	1	268
Sales	(5)	325	(1)	111
Options on interest rates				
Purchases	7	5 305	2	563
Sales	(7)	1 316	(2)	347
Options on equity indices				
Purchases	68	613	47	1 221
Sales	(80)	1 001	(32)	705

6. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

	2000		1999	
	Fair value	Notional amount	Fair value	Notional amount
Foreign currency options				
Purchases	19	1 382	6	22
Sales	(3)	641	(7)	94
Equity options				
Purchases		3		
Sales	(2)	67		3
Bond options				
Purchases	2	38	4	100
Sales			(4)	122
Organized market products				
Interest rate and market risk management				
Options on commodity futures				
Purchases		5		
Bond futures				
Purchases		200		2 610
Sales		1 707		2 450
Equity index futures				
Purchases		9 710		7 361
Sales		731		2 740
Interest rate futures				
Purchases		603		1 055
Sales		736		804
Foreign currency futures				
Purchases		96		119
Sales		188		69
Energy futures				
Sales		9		
Options on bond futures				
Purchases	7	1 249	10	3 681
Sales	(15)	992	(2)	577
Options on equity index futures				
Purchases	1	173	1	45
Sales	(2)	246		31
Options on interest rate futures				
Purchases		549	1	1 005
Sales		527		1 598
Options on foreign currency futures				
Purchases	2	95		19
Sales	(2)	68		23
Equity options				
Purchases		1		
Sales		4		
Options on equity index				
Purchases	5	118		
Sales	(5)	118		

* Where hedging transactions imply simultaneous use of the US currency and other foreign currencies, the notional amount recorded herein represents the final value expressed in Canadian dollars.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in millions of dollars)

6. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Foreign exchange risks associated with investments denominated in foreign currency and other related assets and liabilities are hedged using derivative financial instruments. In the case of bonds, mortgages, real estate investments and short-term investments, these derivative financial instruments are representative of the value of the investments and the currency in which they are expressed. In the case of foreign equities, the portfolio weighting by country is comparable to the major international indices, and the value of derivative financial instruments is representative of the relative weight of the countries whose securities make up such indices. These instruments are negotiated with banks. Terms generally range from one to three months in the case of forward exchange contracts and options, and from one to two years in the case of foreign currency swaps. Upon maturity, new derivative financial instruments are negotiated to maintain an effective long-term hedge against the exchange risk associated with foreign investments.

Moreover, futures and options traded on stock exchanges, forward exchange contracts, equity index forwards, forward rate agreements, currency and interest rate swaps and options negotiated with banks and brokerage firms, are used to manage the interest rate and market risks of the total investment portfolio in addition to generating income from negotiation activities.

These transactions are negotiated with financial institutions whose credit rating is established by a recognized credit rating agency and operational limits are duly approved by management, which supports compensation agreements in order to limit credit risk.

7. NET COLLATERALS

In the normal course of business, the Caisse has pledged and received securities and other assets as collateral, for a net amount of $3 736 million ($3 619 million in 1999) in pledged assets.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation used in the current year.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

COMPLEMENTARY STATISTICS
BREAKDOWN OF COMBINED NET ASSETS
as at December 31, 2000
(in millions of dollars)

		2000							1999	
		Notional amount – Maturities								
Fair value %	Breakdown of portfolios	Under 2 years	2 to 5 years	Over 5 years	Notional amount (1)	Effective interest rate %	Fair value	Cost (2)	Fair value	Cost (2)
	ASSETS									
	Bonds									
	Domestic securities									
	Government issued									
11.74	Gouvernement du Québec	739.6	2 530.2	8 767.9	12 037.7	7.1	13 298.7	12 674.9	12 032.8	11 948.1
11.34	Government of Canada	1 225.7	4 239.3	6 661.3	12 126.3	5.8	12 867.2	12 571.7	7 386.0	7 551.4
0.31	Governments of other provinces		62.0	241.8	303.8	5.9	348.9	357.6	492.7	537.9
23.39		1 965.3	6 831.5	15 671.0	24 467.8	6.5	26 514.8	25 604.2	19 911.5	20 037.4
	Guaranteed by a government or by a grant									
3.38	Hydro-Québec	264.8	257.7	2 992.4	3 514.9	8.0	3 832.9	3 324.8	4 489.3	4 131.4
0.06	Hospitals	8.4	16.5	30.7	55.6	8.7	66.3	59.3	68.3	62.1
0.71	Municipalities	83.3	303.5	317.5	704.3	7.6	800.4	733.1	645.1	596.0
0.06	Water treatment	3.9	28.5	23.0	55.4	8.0	62.5	55.4	48.0	42.7
0.02	Transportation	10.4	12.9	3.9	27.2	6.5	27.8	27.6	30.5	30.0
0.08	Universities and affiliated schools	20.7	18.9	39.7	79.3	7.2	92.0	87.3	87.1	84.6
0.29	School boards	28.1	27.6	205.2	260.9	9.0	325.5	282.2	387.1	346.1
0.01	Social service centres	1.5	3.2	7.2	11.9	8.9	13.9	12.3	24.0	22.1
0.04	Colleges	12.9	13.2	16.7	42.8	6.8	48.4	45.6	58.0	55.8
0.47	Other Government corporation	164.1	47.0	239.4	450.5	7.8	538.7	498.6	782.7	745.3
5.12		598.1	729.0	3 875.7	5 202.8	8.0	5 808.4	5 126.2	6 620.1	6 116.1
2.28	Corporate	714.4	751.3	1 187.4	2 653.1	8.3	2 580.7	2 630.4	2 057.2	2 146.0
30.79										
0.12	Conventional mortgages			154.3	154.3	7.3	152.2	154.3	101.0	110.7
30.91		3 277.8	8 311.8	20 888.4	32 478.0	6.9	35 056.1	33 515.1	28 689.8	28 410.2
0.05	Derivative financial instruments	1 044.9	896.3	979.0	2 920.2		57.6		1 089.2	0.4
30.96							35 113.7	33 515.1	29 779.0	28 410.6
	Foreign securities									
	Government issued									
0.23	Gouvernement du Québec		12.0	215.7	227.7	3.8	265.2	183.1	279.3	183.3
1.29	U.S. Government	989.8		409.2	1 399.0	4.6	1 458.6	1 472.9	1 259.5	1 304.2
1.20	Other foreign governments	234.5	262.5	859.5	1 356.5	5.7	1 362.1	1 342.4	474.3	513.7
2.72		1 224.3	274.5	1 484.4	2 983.2	5.0	3 085.9	2 998.4	2 013.1	2 001.2
	Government-guaranteed									
0.03	Other foreign governments		7.1	28.2	35.3	6.0	36.0	34.3	7.5	7.9
0.27	Hydro-Québec			263.3	263.3	7.5	306.1	266.8	280.3	267.0
0.02	Government corporation	26.3			26.3	5.3	27.2	21.0	30.5	20.9
0.32		26.3	7.1	291.5	324.9	7.2	369.3	322.1	318.3	295.8
1.61	Corporate	93.2	320.9	1 556.8	1 970.9	8.8	1 824.3	1 936.2	1 330.6	1 426.3
4.65		1 343.8	602.5	3 332.7	5 279.0	6.6	5 279.5	5 256.7	3 662.0	3 723.3
0.17	Derivative financial instruments	4 348.3	3 634.6	1 150.8	9 133.7		184.0	8.0	89.7	11.3
4.82							5 463.5	5 264.7	3 751.7	3 734.6
35.78							40 577.2	38 779.8	33 530.7	32 145.2

COMPLEMENTARY STATISTICS (cont'd)
BREAKDOWN OF COMBINED NET ASSETS (cont'd)
as at December 31, 2000
(in millions of dollars)

		2000							1999	
		Notional amount – Maturities								
Fair value %	Breakdown of portfolios	Under 2 years	2 to 5 years	Over 5 years	Notional amount (1)	Effective interest rate %	Fair value	Cost (2)	Fair value	Cost (2)
	ASSETS (cont'd)									
	Shares and convertible securities									
	Domestic securities									
	TSE 300 primary index									
0.46	Metals and minerals						524.7	538.6	897.1	773.1
0.50	Gold and precious minerals						561.9	824.5	825.6	1 077.5
1.14	Oil and gas						1 295.5	948.7	1 304.5	1 258.4
0.75	Paper and forest products						854.1	726.2	1 044.4	692.6
1.04	Consumer products						1 178.5	752.1	1 161.8	922.6
4.17	Industrial products						4 730.6	4 290.5	5 326.6	2 719.0
0.15	Real estate						169.5	175.6	294.5	282.3
0.53	Transportation and environmental services						604.7	544.7	679.0	743.2
0.13	Pipelines						144.6	118.4	174.5	242.7
1.23	Utilities						1 390.8	1 192.9	4 247.3	1 539.9
3.07	Communications						3 481.7	3 397.9	1 802.4	1 074.6
0.60	Distribution and services						673.4	518.5	980.4	834.5
4.30	Financial services						4 875.5	2 880.3	3 341.5	2 468.0
0.34	Conglomerates						383.4	297.4	400.5	295.3
0.45	Index participation units						514.3	402.1	300.0	201.5
18.86							21 383.2	17 608.4	22 780.1	15 125.2
0.01	Derivative financial instruments	702.1			702.1		16.6		48.8	
18.87							21 399.8	17 608.4	22 828.9	15 125.2
	Foreign securities									
	Internal management									
	MSCI-EAFE+EMF Primary index									
0.05	America						57.2	46.2		
4.13	Europe						4 686.8	3 986.2	4 656.6	3 571.2
1.07	Pacific						1 217.2	1 456.2	1 438.5	1 188.3
0.78	Emerging markets						884.2	920.7	314.7	330.9
	S&P 500 Primary index									
0.88	Consommation						1 002.4	796.3	694.7	561.7
0.84	Health care						936.9	493.1	559.3	366.0
0.26	Energy						294.6	204.7	248.8	240.2
0.20	Basic industries						226.1	201.1	373.3	358.2
1.33	Capital equipment						1 513.3	1 474.7	1 671.3	799.4
0.76	Buildings						866.6	819.2	287.4	317.3
2.99	Finances						3 377.9	2 685.7	1 569.5	1 321.7
0.02	Transportation						25.1	30.7	21.6	23.6
0.46	Publics services						520.9	756.5	1 237.8	882.2
0.06	Other						64.2	70.8	22.9	68.5
	TSE 300 Primary index									
	Gold and precious minerals								1.0	0.9
0.01	Consumer products						8.3	8.1		
0.03	Industrial products						34.9	39.4	25.0	25.3
0.01	Financial services						13.2	19.3	12.6	18.7
	External management									
	MSCI-EAFE+EMF primary index									
0.28	America						312.5	212.3	77.2	35.0
2.16	Europe						2 450.4	2 210.0	3 243.0	2 311.2
1.12	Pacific						1 274.4	1 347.9	2 385.3	1 554.8
0.90	Emerging markets						1 004.6	1 213.5	1 447.8	1 160.2
0.46	Other						527.0	581.1	387.6	331.6
18.80	Amounts carried forward						21 298.7	19 573.7	20 675.9	15 466.9

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

COMPLEMENTARY STATISTICS (cont'd)
BREAKDOWN OF COMBINED NET ASSETS (cont'd)
as at December 31, 2000
(in millions of dollars)

		2000							1999	
		Notional amount – Maturities								
Fair value %	Breakdown of portfolios	Under 2 years	2 to 5 years	Over 5 years	Notional amount [1]	Effective interest rate %	Fair value	Cost [2]	Fair value	Cost [2]
	ASSETS (cont'd)									
	Shares and convertible securities (cont'd)									
	External management (cont'd)									
18.80	Amounts brought forward						21 298.7	19 573.7	20 675.9	15 466.9
	S&P 500 primary index									
0.18	Consommation						200.7	195.5	155.3	150.6
0.09	Health care						98.0	65.9	60.3	54.1
0.05	Energy						54.9	43.2	47.7	45.7
0.04	Basic industries						43.4	43.2	57.3	53.2
0.18	Capital equipment						201.4	194.8	249.3	170.0
0.01	Buildings						4.0	4.9	8.4	9.6
0.15	Finances						167.1	111.7	124.4	107.2
0.02	Transportations						17.2	17.2	10.3	12.7
0.05	Public utilities						62.1	64.7	63.2	60.3
0.01	Other						6.8	5.9	5.9	3.9
19.53							22 154.3	20 320.7	21 458.0	16 134.2
0.43	Derivative financial instruments	22 749.7			22 749.7		483.9	64.1	439.3	59.5
19.96							22 638.2	20 384.8	21 897.3	16 193.7
38.83							44 038.0	37 993.2	44 726.2	31 318.9
	Mortgages									
	Domestic securities									
	Internal management									
0.15	Residential	72.8	67.7	25.7	166.2	7.8	169.9	166.2	138.3	136.8
0.37	Industrial	114.5	185.1	110.3	409.9	7.9	421.0	409.9	356.1	360.0
0.79	Office buildings	202.0	394.2	294.3	890.5	7.6	895.1	890.4	471.6	489.7
0.07	Hotels	19.0	54.2	3.4	76.6	8.0	77.5	76.6	88.4	88.4
0.38	Commercial buildings	249.4	117.1	66.2	432.7	7.9	427.8	432.7	457.9	458.5
0.33	Commercial other	127.9	142.1	106.3	376.3	7.8	378.4	376.3	172.9	174.5
2.09		785.6	960.4	606.2	2 352.2	7.8	2 369.7	2 352.1	1 685.2	1 707.9
	Derivative financial instruments	50.0		74.8	124.8		3.8			
2.09							2 373.5	2 352.1	1 685.2	1 707.9
	Foreign securities									
0.06	Residential	38.6	24.3	1.8	64.7	18.4	66.6	64.7	81.2	80.9
	Commercial buildings		5.5	106.1	111.6	11.9			107.0	99.8
0.11	Commercial other						120.9	111.6	1.5	1.5
0.17		38.6	29.8	107.9	176.3	14.3	187.5	176.3	189.7	182.2
	Derivative financial instruments	277.9			277.9		1.4		0.4	
0.17							188.9	176.3	190.1	182.2
2.26							2 562.4	2 528.4	1 875.3	1 890.1
	Real estate holdings									
7.97	Canada						9 040.8	9 263.5	7 376.1	7 886.7
	Derivative financial instruments	160.0	200.0		360.0		2.2	6.3	1.4	0.8
7.97							9 043.0	9 269.8	7 377.5	7 887.5
4.26	Abroad						4 827.9	4 388.8	4 489.4	4 204.3
0.01	Derivative financial instruments	223.9	319.0		542.9		7.7	8.4	53.8	7.8
4.27							4 835.6	4 397.2	4 543.2	4 212.1
12.24							13 878.6	13 667.0	11 920.7	12 099.6
89.11	**Total long-term investments**						101 056.2	92.968.4	92 052.9	77 453.8

COMPLEMENTARY STATISTICS (cont'd)
BREAKDOWN OF COMBINED NET ASSETS (cont'd)
as at December 31, 2000
(in millions of dollars)

		2000							1999	
		Notional amount – Maturities								
Fair value %	Breakdown of portfolios	Under 2 years	2 to 5 years	Over 5 years	Notional amount (1)	Effective interest rate %	Fair value	Cost (2)	Fair value	Cost (2)
	ASSETS (cont'd)									
	Short-term investments									
3.92	Domestic securities	4 111.6	212.5	164.6	4 488.7	5.9	4 435.2	4 444.8	4 604.9	4 603.6
	Derivative financial instruments	5 420.2	15.0		5 435.2		1.0	1.9		
3.92							4 436.2	4 446.7	4 604.9	4 603.6
0.62	Foreign securities	151.5	140.2	439.3	731.0	8.4	708.5	722.3	420.1	467.1
0.48	Derivative financial instruments	16 547.2	437.5	233.7	17 218.4		545.4	32.8	83.8	1.4
1.10							1 253.9	755.1	503.9	468.5
5.02							5 690.1	5 201.8	5 108.8	5 072.1
	Securities acquires under reverse repurchase agreements									
0.28	Domestic securities	319.9			319.9	5.7	319.7	319.5	116.7	116.7
2.33	Foreign securities	2 669.2			2 669.2	5.6	2 643.7	2 653.5	1 292.8	1 324.3
	Derivative financial instruments								7.8	
2.33							2 643.7	2 653.5	1 300.6	1 324.3
2.61							2 963.4	2 973.0	1 417.3	1 441.0
7.63	**Total short-term investments**						8 653.5	8 174.8	6 526.1	6 513.1
96.74	**Total investments**						109 709.7	101 143.2	98 579.0	83 966.9
0.80	Advances to depositors	910.2			910.2		910.2	910.2	476.6	476.6
0.76	Investment income, accrued and receivable	878.9			878.9		878.9	878.9	816.1	816.1
1.15	Transactions being settled	1 298.9			1 298.9		1 298.9	1 298.9	421.2	421.2
0.55	Other assets						622.1	622.1	444.4	444.4
100.0	TOTAL ASSETS						113 419.8	104 853.3	100 737.3	86 125.2
	LIABILITIES									
23.17	Deposits on loans of securities	5 840.6			5 840.6	5.6	5 829.7	5 818.9	4 539.3	4 568.4
5.28	Loans and notes payable	720.0	367.6	287.8	1 375.4	6.4	1 327.7	1 324.6	1 028.2	1 031.4
10.07	Transactions being settled	2 533.7			2 533.7		2 533.7	2 533.7	461.8	461.8
20.27	Commitments related to short selling of bonds	788.4	1 485.2	2 705.4	4 979.0	5.6	5 099.9	5 014.5	2 186.5	2 248.4
8.26	Commitments related to short selling of equities						2 079.1	1 898.3	2 676.2	2 095.9
21.56	Mortgages loans	1 282.0	1 564.3	2 558.5	5 404.8	7.7	5 422.6	5 404.8	5 029.8	5 074.2
5.83	Derivative financial instruments	47 713.5	1 999.0	2 763.2	52 475.7		1 465.9	148.0	1 569.3	81.2
2.46	Other liabilities						619.0	619.0	512.2	512.2
3.10	Non-controlling interest						778.8	600.2	1 191.1	1 073.5
100.00	TOTAL LIABILITIES						25 156.4	23 362.0	19 194.4	17 147.0
	COMBINED NET ASSETS						88 263.4	81 491.3	81 542.9	68 978.2

(1) The notional amount represents the exchange value used for the evaluation of future cash flows in the case of investments and certain assets and liabilities with a determined maturity date; in the case of derivative financial instruments, the notional amount represents the value of the notional principal, to which a rate or a price is applied to determine the exchange of future cash flows.

(2) Certain investment categories are reported at unamortized cost.

REPORT OF MANAGEMENT

The financial statements of the Caisse de dépôt et placement du Québec were prepared by management, which is responsible for their preparation and presentation, including estimates and material judgements. This responsibility includes selecting the appropriate accounting policies in accordance with generally accepted accounting principles in Canada. Management is also responsible for the information and declarations disclosed in other sections of the Operations report, and ensures that the financial information presented elsewhere in this annual report is consistent with that shown in the financial statements.

Management maintains systems of internal accounting controls which are designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded in an appropriate and timely manner, that they are duly authorized and allow for the preparation of reliable financial statements. The internal audit team reviews the internal controls on a regular basis to ensure they are adequate and applied consistently by the Caisse.

The Caisse is aware of its responsibility to manage its operations in accordance with the rules and regulations that govern the institution.

The Board of Directors supervises the manner in which management assumes its responsibility regarding financial information, and it has approved the financial statements. The Board of Directors is assisted by the Audit Committee, of which only one member is also an officer of the Caisse. The Audit Committee meets with management and the auditor, examines the financial statements and recommends their approval by the Board of Directors.

The financial statements of the Caisse are audited by the Auditor General of Québec, who conducted his audit in accordance with generally accepted auditing standards in Canada. The auditor's report covers the nature and scope of the audit and expresses the auditor's opinion on the financial statements. The Auditor General has unrestricted access to the Audit Committee to discuss any matter relating to his audit.

Jean-Claude Scraire
Chairman of the Board and
Chief Executive Officer

Bertrand Lauzon
Executive Vice-President, Finance and
Information Technologies

Montréal, February 22, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the combined statement of net assets of the Funds of the Caisse de dépôt et placement du Québec as at December 31, 2000, the combined statement of income, and the combined statement of changes in net assets for the year then ended. These financial statements are the responsibility of the Caisse's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these combined financial statements present fairly, in all material respects, the financial position of these Funds as at December 31, 2000 and the results of their operations and the changes in their net assets for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., chapter V-5.01), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A
Auditor General of Québec

Québec City, February 22, 2001

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC
(R.S.Q., c. C-8.1)

INCOME
for the year ended March 31, 2001

	2001	2000 (Note 3)
REVENUE		
Revenue from projects		
Research and development	$14 280 806	$12 242 659
Services	16 382 458	11 272 496
Other revenue	1 599 387	1 565 858
	32 262 651	25 081 013
EXPENDITURE		
Salaries and fringe benefits	18 998 057	17 983 796
Direct project costs	5 120 710	6 564 110
Offices	2 778 215	2 646 199
Other operating expenses	4 220 985	3 842 136
Bank interest	232 103	331 781
Depreciation of fixed assets	1 909 073	1 882 013
	33 259 143	33 250 035
EXCESS OF OPERATING EXPENSES OVER OPERATING REVENUE BEFORE MARKETING	(996 492)	(8 169 022)
GAIN (LOSS) RELATED TO MARKETING (Note 4)	365 325	(1 061 529)
EXCESS OF EXPENDITURE OVER REVENUE	$(631 167)	$(9 230 551)

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000 (Note 3)
ASSETS		
Current assets		
Cash on hand	$564 412	$1 445 457
Accounts receivable (Note 5)	7 104 896	10 246 887
Projects in progress	2 862 567	3 427 415
Prepaid expenses	431 437	337 649
Inventory (Note 6)	1 310 430	1 073 303
	12 273 742	16 530 711
Long-term receivable (Note 7)	229 264	9 463
Investments (Note 8)	9 758 089	858 509
Fixed assets (Note 9)	19 302 014	17 469 820
Development expenses		4 700 448
	29 289 367	23 038 240
	$41 563 109	$39 568 951
LIABILITIES		
Current liabilities		
Bank loan (Note 10)	$3 953 760	$3 964 240
Accounts payable and accruals (Note 11)	9 732 162	6 521 132
Deferred revenue	1 673 851	2 616 850
	15 359 773	13 102 222
Advance from the Ministère des Finances (Note 12)	5 403 219	5 035 445
	20 762 992	18 137 667
SHAREHOLDER'S EQUITY		
Capital stock (Note 13)	24 474 140	24 474 140
Deficit	(3 674 023)	(3 042 856)
	20 800 117	21 431 284
	$41 563 109	$39 568 951

CONTINGENCIES (Note 15)

On behalf of the Board of Directors,
Serge Guérin
André Bazergui

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

SHAREHOLDER'S EQUITY
for the year ended March 31, 2001

	2001	2000
CAPITAL STOCK (Note 13)	$24 474 140	$24 474 140
CONTRIBUTED SURPLUS (Note 14)		
Opening balance		278 795
Receivable for shortage of liquid assets Ministère de l'Industrie et du Commerce Ministère de la Recherche, de la Science et de la Technologie		7 500 000
Transfer from contributed surplus to deficit		(7 778 795)
Closing balance		
DEFICIT		
Opening balance		
Previously established balance	(1 291 360)	
Adjustment (Note 3)	(1 751 496)	(1 59[illegible] 100)
Adjusted balance	(3 042 856)	(1 591 100)
Excess of expenditure over revenue	(631 167)	(9 230 551)
Transfer from contributed surplus (Note 14)		7 778 795
Closing balance	(3 674 023)	(3 042 856)
SHAREHOLDER'S EQUITY	$20 800 117	$21 431 284

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001	2000 (Note 3)
OPERATING ACTIVITIES		
Excess of expenditure over revenue	$(631 167)	$(9 230 551)
Adjustments for:		
Depreciation of fixed assets	1 964 101	1 902 280
Amortization of development costs	184 124	111 066
Gain on disposal of investments	(252 560)	
Gain on disposal of development costs	(1 642 058)	
Loss on disposal of fixed assets	63 088	52 606
Share in performance of satellite corporation	207 345	
	(107 127)	(7 164 599)
Change in non-cash elements linked to operations		
Decrease in debtors	3 116 557	1 456 259
Chance in projects in progress	564 848	(1 696 829)
Increase in inventory	(237 127)	(303 335)
Increase in prepaid expenses	(93 788)	(68 176)
Change in accounts payable and accruals	3 211 030	(719 224)
Change in deferred revenue	(942 999)	1 612 868
	5 618 521	281 563
Cash flows provided by (used for) operating activities	5 511 394	(6 883 036)
INVESTMENT ACTIVITIES		
Long-term receivables	(234 835)	
Repayment of loans to employees	40 468	51 197
Acquisition of investments	(12 691 104)	(276 468)
Proceeds from disposal of investments	3 836 739	
Acquisition of fixed assets	(4 092 535)	(1 569 296)
Proceeds from disposal of fixed assets	233 152	14 007
Development expenses	(3 717 926)	(2 087 653)
Proceeds from disposal of development costs	9 876 308	
Cash flows used for investment activities	(6 749 733)	(3 868 213)
FINANCING ACTIVITIES		
Sum received for shortage of liquid assets - Ministère de l'Industrie et du Commerce		15 000 000
Advance – Ministère des Finances	367 774	5 035 445
Bank loan	(10 480)	15 440
Cash flows provided by financing activities	357 294	20 050 885
(DECREASE) INCREASE IN CASH ON HANDSE	(881 045)	9 299 636
CASH ON HAND, BEGINNING OF YEAR	1 445 457	(7 854 179)
CASH ON HAND, END OF YEAR	$564 412	$1 445 457

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Act to establish the Centre de recherche industrielle du Québec (S.Q. 1997, c. 29) was amended on June 30, 1997 to enable the Centre to continue operating as a joint stock legal person established in the public interest. The shares of the Centre are part of the public domain and are held by the Minister of Finance. The purpose of the Centre is to design, develop and test industrial equipment, products and processes; operate, alone or in partnership, the equipment, products and processes it develops or for which it holds the rights; collect and disseminate technological and industrial data and information; and carry out standardization and certification activities.

2. ACCOUNTING POLICIES

The financial statements of the Centre were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Projects in Progress

Projects in progress are accounted for according to the percentage-of-completion method established based on actual billed labour and purchases charged to contracts in relation to the total estimated labour and purchases. Where the estimated total cost exceeds the recoverable amount, the surplus is recorded as a loss during the year.

Stocks

Stocks have been recorded at the lesser of cost and net realizable value. The cost was calculated using the first in, first out method.

Investments

The Centre records its investments at equity value when its participation in an issuing corporation's voting shares allow it to exercise notable influence on this satellite corporation's financial and administrative decisions.

Other investments are recorded at acquisition cost. Any lasting drop in value is deducted from the book value of the investments.

Fixed Assets

Fixed assets are recorded at cost.

The building erected on a plot of land belonging to the Communauté urbaine de Québec is depreciated according to the straight-line method over the 38-year period during which the Centre has a right to use this land. Other fixed assets are depreciated using the diminishing balance method at the following rates:

Buildings	5% and 8%
Furniture and equipment	15%, 20% and 40%
Data processing equipment and software	25% and 30%
Automotive equipment	30%

Intangible assets are depreciated according to the straight-line method over an 8-year period.

Equipment purchased for the Centre's research and development projects are not capitalized but charged to the cost of the project concerned and billed to clients.

Deferred Revenue

Deferred revenue consists of amounts billed for unrendered services and of clients' deposits collected in advance, in accordance with contract agreements.

2. ACCOUNTING POLICIES (cont'd)

Pension plan

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Centre lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGES IN ACCOUNTING POLICIES

The obligations resulting from vacation time accumulated by Centre employees are recorded to liabilities on the balance sheet. The annual change in this provision is posted to the expenditures for the fiscal year.

Previously, these expenses were posted to operations in the fiscal year during which the employees used their vacation time. The retroactive application of this modification results in an increase in the following financial statement items:

	2001	2000
Excess of expenditure and revenue	$239 484	$160 397
Accounts payables et other accruals	1 990 981	1 751 496
Deficit	1 990 981	1 751 496

4. MARKETING ACTIVITIES

Marketing activities were carried out by the Centre's staff, by the limited partnerships created by the Centre and by the Centre's participation in Intellium Technologies inc.

Marketing revenues and expenses are as follows:

	2001	2000
Revenue		
Products	$3 714 742	$1 556 564
Expenditure		
Operations	4 333 895	2 423 687
Interest	459 265	63 073
Depreciation of fixed assets	55 028	20 267
Amortization of development costs	184 124	111 066
	5 032 312	2 618 093
Operating loss	(1 317 570)	(1 061 529)
Gain on disposal of development costs	1 642 058	
Gain on disposal of investments	252 560	
Loss on disposal of fixed assets	(4 378)	
	1 890 240	
Gain (loss) linked to marketing before the share in the satellite corporation's performance	572 670	(1 061 529)
Share in the satellite corporation's performance	(207 345)	
Gain (loss) related to marketing	$365 325	$(1 061 529)

---

5. ACCOUNTS RECEIVABLE

	2001	2000
Clients	$3 869 369	$1 784 207
Ministère de l'Industrie et du Commerce	2 000 000	767 544
Ministère de la Recherche, de la Science et de la Technologie		7 500 000
Advance to Intellium Technologie inc.	1 090 825	
Advance to a limited partnership	125 000	150 000
Loans to employees	19 702	45 136
	$7 104 896	$10 246 887

6. INVENTORY

	2001	2000
Parts and supplies	$294 750	$407 327
Products	1 015 680	665 976
	$1 310 430	$1 073 303

7. LONG-TERM RECEIVABLES

	2001	2000
Loans to employees (*)	$23 966	$54 599
Other receivables (**)	225 000	
Short-term portion	(19 702)	(45 136)
	$229 264	$9 463

(*) This amount represents interest-free advances repayable over three years for the purchase of computers under a program approved by the Centre's Board of Directors.

(**) Account receivable from a client, coming due on August 2, 2004, interest-free.

8. INVESTMENTS

	2001	2000
Investment in a satellite corporation		
471 510 class "B" shares in Intellium Technologies inc., voting and participating	$4 715 100	
Share in the satellite corporation's performance	(207 345)	
500 000 class "C" shares in Intellium Technologies inc., non-voting or participating, redeemable	5 000 000	
	9 507 755	
Participation in limited partnerships	9 867	$10 676
Other investments	240 467	847 833
	$9 758 089	$858 509

8. INVESTMENTS (cont'd)

During the present fiscal year, the Centre transferred the following assets to Intellium Technologies inc.:

Product development costs	$5 631 788
Investments	993 694
Inventory	976 000
Fixed assets	223 278
	$7 824 760

The consideration received generated a gain on sales of $1 890 240 posted to marketing activities. Furthermore, the Centre committed to selling in favour of Intellium Technologies inc. other investments it holds for a consideration of 28 500 class "B" shares for $285 000 bringing the total consideration to $10 000 000 in shares.

9. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Tangible assets				
Land (*)	$1 239 436		$1 239 436	$1 239 436
Building (*)	20 503 186	$11 424 880	9 078 306	9 505 825
Furniture and equipment	18 053 604	13 767 282	4 286 322	4 348 416
Data processing equipment and software	9 841 214	7 734 909	2 106 305	2 323 217
Automobile equipment	178 536	135 091	43 445	52 926
	49 815 976	33 062 162	16 753 814	17 469 820
Intangible assets	2 602 463	54 263	2 548 200	
	$52 418 439	$33 116 425	$19 302 014	$17 469 820

(*) The Centre acquired the right to use a piece of land belonging to the Communauté urbaine de Québec (CUQ). A building, with a net book value of $834 612 as at March 31, 2001 (2000: $863 146) will be transferred to the CUQ at no cost on July 24, 2030.

10. BANK LOAN

This bank loan, of a maximum authorized amount of $4 million bears interest at a fixed rate of 4.74% until June 27, 2001. Interest paid during the fiscal year totals $155 727 (2000: $168 132).

11. ACCOUNTS PAYABLE AND ACCRUALS

	2001	2000
Suppliers and other accrued liabilities	$2 849 782	$2 779 380
Salaries and fringe benefits	1 940 230	1 990 255
	4 790 012	4 769 635
Provision for vacation time	1 990 981	1 751 497
Provision for completing product development costs	1 918 200	
Taxes on the transfer of assets in favour of the satellite corporation	1 032 969	
	$9 732 162	$6 521 132

12. ADVANCE FROM THE MINISTÈRE DES FINANCES

The advance from the Ministère des Finances, bearing interest at the Bank of Canada's prime rate, is repayable in its entirety when it comes due on March 31, 2003. Interest is payable at the rate of cash in from dividends paid by the satellite corporation and no later than the advance's due date.

13. CAPITAL STOCK

	2001	2000
Authorized 650 000 shares with a par value of $100 each		
Issued and fully paid 244 741 shares	$24 474 140	$24 474 140

14. CONTRIBUTED SURPLUS

On April 23, 1999, the Ministère de l'Industrie et du Commerce paid the Centre a sum of $15 million to offset the shortage of liquid assets as at March 31, 1999 and that expected for the first quarter of 1999-2000. This amount was posted to the contributed surplus and then transferred to the deficit.

Moreover, through an Order-in-Council dated March 29, 2000, the Gouvernement du Québec authorized the Ministère de la Recherche, de la Science et de la Technologie to pay the Centre financial assistance of $7.5 million for fiscal 1999-2000. This assistance was recorded under excess contributions and then transferred to the deficit.

15. CONTINGENCIES

Lawsuits totalling $217 000 have been filed against the Centre. According to the Centre, these suits will not result in any significant liability and, therefore, no allowance for losses has been recorded.

16. PENSION PLANS

The employees of the Centre participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are defined benefit plans and include guaranteed payments upon retirement and death.

The Centre's contributions charged to the year-end statement amount to $517 969 ($894 000 – 2000). The liability of the Centre towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

17. RELATED PARTY TRANSACTIONS

During the fiscal year, the Centre performed the following transactions with:

	2001	2000
Ministère de l'Industrie et du Commerce		
Accounts receivable	$2 000 000	$8 267 544
Completed projects	8 000 000	7 999 077

17. RELATED PARTY TRANSACTIONS (cont'd0

Ministère des Finances

Advance		$5 000 000
Capitalized interest	$367 774	35 445

Ministère de la Recherche, de la Science et de la Technologie

Completed projects	9 000 000	
Receivable for shortage of liquid assets		7 500 000

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Centre: is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Centre did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value

The accounting value of financial instruments, including the cash on hand, debtors, the bank loan and creditors, is comparable to the fair value, given the upcoming deadline of these instruments.

Credit risk

The Centre's credit risk exposure corresponds to the accounting value of the financial assets. The credit risk related to these assets is not concentrated in a single sector of activity. The Centre conducts an ongoing assessment of these assets and posts a provision for losses when accounts are deemed uncollectable.

19. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Centre de recherche industrielle du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Centre de recherche industrielle du Québec recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee.

The Auditor General of Québec has conducted an audit of the Centre's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

Serge Guérin
President and Chief Executive Officer

Lionel Vézina
Vice-President, Finance and Administration

Québec, June 5, 2001

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Centre de recherche industrielle du Québec as at March 31, 2001, and the statements of income, of shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2001 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change made to the accounting procedure for vacation time accumulated by employees, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 5, 2001

COMMISSAIRE DE L'INDUSTRIE DE LA CONSTRUCTION
(R.S.Q., c. R-20)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Contributions (Note 3)		
Ministère de la Solidarité sociale	$118 200	$115 704
Commission de la construction du Québec	837 250	819 570
Régie du bâtiment du Québec	29 550	28 926
Ministère du Travail	100 000	100 000
Sale of goods and services	1 179	2 185
	1 086 179	1 066 385
EXPENDITURE		
Administrative expenses (Note 4)	975 929	874 566
EXCESS OF REVENUE OVER EXPENDITURE	110 250	191 819
EXCESS (DEFICIT), BEGINNING OF YEAR	170 835	(20 984)
SURPLUS, END OF YEAR	$281 085	$170 835

COMMISSAIRE DE L'INDUSTRIE DE LA CONSTRUCTION

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$600	$600
Debtors – Gouvernement du Québec, without interest or payment terms		237 937
Advances to the Consolidated Revenue Fund, without interest or payment terms	449 433	280 052
	450 033	518 589
Fixed assets (Note 5)	301 834	16 939
	$751 867	$535 528
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$261 954	$156 286
Provision for sick leave (Note 7)	208 828	208 407
SURPLUS	281 085	170 835
	$751 867	$535 528

Commissaire de l'industrie de la construction
Josette Béliveau

COMMISSAIRE DE L'INDUSTRIE DE LA CONSTRUCTION

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Commissaire de l'industrie de la construction, constituted by the Act respecting labour relations, vocational training and manpower management in the construction industry (R.S.Q., c. R-20), is mandated, at the request of any interested party, to heat and settle conflicts regarding qualifications related to the practice of a trade or occupation. Any problem of interpretation or enforcement of section 19 or the regulations adopted under section 20 of the Act constituting the de la Commissaire de l'industrie de la construction must be referred to it. The latter also rules on recourses formulated under section 164.1 of the Building Act (R.S.Q., c. B-1.1), section 41.1 of the Act respecting manpower vocational training and qualification (R.S.Q., c. F-5) and section 35.2 of the Act respecting electrical installations (R.S.Q., c. I-13.01).

2. ACCOUNTING POLICIES

The financial statements of the Commissaire were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The statement of changes in financial position is not shown as it would not provide any useful supplementary information regarding the Commissaire's cash flows during the year.

Fixed Assets

Fixed assets are recorded at cost and depreciated over their estimated useful life by the straight-line method at the following rates:

	Rate
Office automation and data processing equipment	33 1/3%
Computer systems	20%

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Commissaire lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CONTRIBUTIONS

Commissaire de l'industrie de la construction financing comprises the following amounts:

- the amounts paid by the Minister of Labour and taken from the appropriations allocated annually for this purpose by the National Assembly;
- the amounts paid by the Commission de la construction du Québec, the Régie du bâtiment du Québec and the Ministère de la Solidarité sociale, whose amounts and terms are defined by the Government;
- the amounts collected from applying the tariff of fees, honoraria and other business-related expenses incurred by the Commissaire de l'industrie de la construction, for cases tried before it and requests addressed to it.

4. ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and fringe benefits	$688 014	$578 745
Transport and communications	38 900	46 573
Professional and administrative services	124 532	124 511
Maintenance and repairs	1 041	748
Rent	105 413	103 168
Materials and supplies	10 243	12 497
Equipment	2 362	5 821
Depreciation of fixed assets	5 424	2 503
	$975 929	$874 566

5. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Office automation and data processing equipment	$17 668	$7 927	$9 741	$13 303
Computer systems (being developed)	292 093		292 093	3 636
	$309 761	$7 927	$301 834	$16 939

Acquisitions for the fiscal year come to $290 319 (2000: $19 442).

6. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Commissaire is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Commissaire de l'industrie did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

7. PENSION PLANS

The staff members of the Commissaire de l'industrie de la construction participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Commissaire's contributions charged to the year-end statement amount to $8 877 (2000: $25 551). The liability of the Commissaire towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave

	2001	2000
Opening balance	$208 407	$195 574
Charge for the year	36 768	19 463
Benefits paid during the year	(36 347)	(6 630)
Closing balance	$208 828	$208 407

COMMISSAIRE DE L'INDUSTRIE DE LA CONSTRUCTION

MANAGEMENT'S REPORT

The financial statements of the Commissaire de l'industrie de la construction were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Commissaire recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Commissaire's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

Josette Béliveau
Commissaire de l'industrie de la construction

Québec, July 6, 2001

AUDITOR'S REPORT

To the National Assembly,

I have audited the balance sheet of the Commissaire de l'industrie de la construction as at March 31, 2001, and the statement of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Commissaire's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commissaire as at March 31, 2001 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these policies were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, July 6, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 4)		
Employee contributions fund	35 973 471	33 761 127
Employer contributions fund	37 385	
Supplemental pension plans fund	446 434	431 830
	36 457 290	34 192 957
Accounts receivable		
Employee contributions	54 887	77 349
Employer contributions	2 959	4 509
Amounts receivable from the Government	75 009	
Amounts receivable – transfers	6 616	5 962
	139 471	87 820
Cash on hand	4 131	7 448
	36 600 892	34 288 225
LIABILITIES		
Contribution refunds and pensions payable	30 248	26 704
Excess employee contributions to be refunded	41 820	38 116
Administrative expenses payable	1 022	629
Owed to the Gouvernement du Québec - current account	5 555	8 806
	78 645	74 255
NET ASSETS AVAILABLE FOR BENEFITS (Notes 5 and 7)	36 522 247	34 213 970

GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN (Note 6)

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
INCREASE IN ASSETS		
Employee contributions, including contributions for past service	554 838	715 635
Contributions of autonomous employers	50 779	68 123
Transfers – Supplemental pension plans		8 165
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 8)	1 566 904	1 311 058
Change in the fair value of funds entrusted to the Caisse de dépôt et placement du Québec (Note 8)	735 791	3 273 084
Interest revenue	1 937	1 422
	2 910 249	5 377 487
Amounts received from the Gouvernement du Québec to pay benefits		
Regular service	760 189	586 126
Transferred service	130 508	149 552
	890 697	735 678
	3 800 946	6 113 165
DECREASE IN NET ASSETS		
Benefits paid		
General plan		
Pensions	1 285 956	1 234 177
Contribution refunds, including interest	79 233	64 294
Transfers, including interest	64 896	85 671
Supplemental pension plans		
Pensions	13 508	12 555
Contribution refunds, including interest	464	409
Transfers, including interest	87	95
Administrative expenses	25 278	22 892
	1 469 422	1 420 093
Amounts deposited in the Consolidated Revenue Fund (Note 3)	23 247	137 151
	1 492 669	1 557 244
NET INCREASE FOR THE YEAR	2 308 277	4 555 921
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	34 213 970	29 658 049
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	36 522 247	34 213 970

1. DESCRIPTION OF THE PLAN

The following description is given for information purposes only. For more complete information concerning this plan, please consult the Act respecting the Government and Public Employees Retirement Plan (R.S.Q., c. R-10).

a) General information

The Government and Public Employees Retirement Plan is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to employees belonging to the civil service, the health and social services and the education sectors since July 1, 1973.

The pensions and benefits described below may differ for certain categories of employees designated by the Government.

b) Funding

Benefits for regular service are funded by contributors and the Government and other employers in the following proportions: 5/12 and 7/12 for service prior to July 1, 1982, and equal shares for service after to this date.

Benefits for service transferred from the Teachers Pension Plan and the Civil Service Superannuation Plan are funded by the Government.

Administrative expenses

Expenses related to the administration of this plan are assumed by the plan and are divided equally between the employee and employer contribution funds.

c) Retirement benefits

Contributors are entitled to benefits without any actuarial reduction at the age of 60, if they have 35 years' pensionable service and, if for non-bargainable contributors, if they are 55 and their age and years of service total 88.

Contributors are entitled to pension benefits without any actuarial reduction at the age of 55.

The pension is obtained by multiplying the average pensionable salary for the five best-paid years by 2% per year of service. It can be added to pension credits granted following the redemption of past service or the transfer of funds from supplemental pension plans. The pension is reduced beginning at the age of 65 in order to coordinate it with that of the Québec Pension Plan.

As of January 1, 2000, the pension benefits of non-unionizable contributors will be calculated based on the average pensionable salary for the three best-paid years.

d) Death benefits

In the event of death, be it that of a contributor or a pensioner aged 55 and over, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received, or to 60% of such a pension if the deceased had chosen to receive a pension reduced by 2%. In the case where there is no surviving spouse, contributions, plus interest, are refunded to the assigns.

If a contributor dies before the eligible retirement age of 55, the surviving spouse or assigns is or are entitled to the refund of contributions, plus interest, if the deceased had fewer than two years' pensionable service. If the deceased had more than two years' pensionable service, the surviving spouse or assigns is or are entitled to the refund of contributions, plus interest, or to the actuarial value of the deferred indexed pension, whichever is higher.

1. DESCRIPTION OF THE PLAN (cont'd)

e) Severance benefits

Persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to the refund of contributions, plus interest, if they have fewer than two years' pensionable service and are under 55; otherwise they are entitled to a deferred indexed pension payable at the age of 65, or may request that the total contributions paid into the plan, plus interest, or the actuarial value of the deferred indexed pension, whichever is higher, be transferred to a locked-in retirement account (LIRA).

f) Indexation of benefits

Pension benefits under this plan are fully indexed to the cost of living increase for that portion of the pension which corresponds to vested service prior to July 1, 1982, and are partially indexed for that portion of the pension which corresponds to vested service after June 30, 1982.

2. ACCOUNTING POLICIES

The financial statements of the plan were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

Year-to-date financial data

These statements combine financial data for the following three funds:

- Employee contributions fund;
- Employer contributions fund;
- Supplemental pension plan fund.

Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in individual funds of the Caisse de dépôt et placement du Québec are recorded at fair value, which is established on the basis of the market value of units, as determined by the Caisse de dépôt et placement du Québec.

The investments of these individual funds are composed primarily of participating units in individual Caisse de dépôt et placement du Québec portfolios. The net gains on the sale of investments earned by these individual portfolios, which are not distributed to individual funds, are included in the net assets of individual portfolios. These revenues are taken into account when calculating the rate of return established by regulation and are added to the cost of participation deposits.

3. CAPITALIZATION POLICY

In keeping with section 174 of the Act respecting the Government and Public Employees Retirement Plan, CARRA actuaries must conduct an actuarial valuation of the plan every three years. The goal of this valuation is to determine the employee contribution rate based on the value of the pension fund set up and benefits to be paid out.

This valuation is based on assumptions established by CARRA actuaries and deemed appropriate by the consulting actuary appointed by the retirement committee under the Act. Moreover, the parties have agreed to use the attained-age actuarial cost method, free of assets.

The employee contribution and the contribution of independent employers for the fiscal year are established using a rate of 5.35% (1.0% for non-unionizable contributors) of the excess eligible earnings over 35% of maximum pensionable earnings within the meaning of the Act respecting the Québec Pension Plan (R.S.Q., c. R-9). The contribution rate was established based on the actuarial valuation conducted using data as at December 31, 1996 and reflects the changes made to the plan since its publication in October 1998. This rate corresponds to 3.51% of the pensionable earnings (0.79% for non-unionizable contributors).

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

3. CAPITALIZATION POLICY (cont'd)

The Act does not oblige the Government to contribute to a pension fund. However, the Government's commitments to fund regular service are presented in Note 6. They are calculated as the fund it would have created, had its contributions, established according to the above-mentioned actuarial valuation, been deposited in a pension fund.

Employee contributions and the contribution of independent employers are deposited respectively in the employee contributions fund and employer contributions funds with the Caisse de dépôt et placement du Québec.

The amounts needed to pay benefits for regular service performed since July 1, 1982 are also taken from the employee and employer contribution funds. The amounts required for service performed prior to July 1, 1982 are taken in a proportion of 5/12 from the employee contributions fund and 7/12 from the employer contributions fund. When the employer contributions fund with the Caisse de dépôt et placement du Québec is empty, the remaining amounts required to pay the share of benefits assumed by the Government are taken from the Consolidated Revenue Fund, as prescribed in the Act.

The amounts required to pay all benefits for service transferred from the Teachers Pension Plan and the Civil Service Superannuation Plan are taken from the Consolidated Revenue Fund.

Amounts deposited in the Consolidated Revenue Fund

Under Order-in-Council 987-99, employee contributions of members of the senior administration and those of their employees are deposited into the Consolidated Revenue Fund. The amounts needed for the payment of benefits are also taken from the Consolidated Revenue Fund.

4. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000				1999
	Employee contributions fund	Employer contributions fund	SPP fund *	Total	Total
Participation deposits in individual funds – at fair value (cost 2000: $37 164 448; 1999: $30 460 697)	35 721 835		443 779	36 165 614	33 662 369
Demand deposits in the General Fund	27 036	37 385		64 421	11 834
Revenue receivable from individual funds	224 600		2 655	227 255	518 754
	35 973 471	37 385	446 434	36 457 290	34 192 957
Cumulated gains realized, but not yet distributed by individual portfolios, included in the cost of participation deposits				7 593 463	4 632 188

* Supplemental pension plans

5. ASSETS AVAILABLE FOR BENEFITS

	2000			1999
	Employee contributions	Employer contributions	Total	Total
Regular service	35 719 282	118 454	35 837 736	33 553 195
Transferred service		(320)	(320)	252
Pension credit buy-back	238 491		238 491	228 472
Supplemental pension plans	446 340		446 340	432 051
	36 404 113	118 134	36 522 247	34 213 970

6. GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN

Liability recorded in the Government's financial statements

Since the Government has not created a pension fund for this plan, it records, as a liability in the financial statements, an amount established based on the value of benefits promised for which it is responsible, in keeping with generally recognized accounting policies applicable to the public sector in Canada. Under the Act respecting the Government and Public Employees Retirement Plan, the Government's share corresponds to 58.33% (7/12) of these benefits for years of service prior to July 1, 1982, 50% for years of service as of July 1, 1982 for regular service and 100% for transferred service. The amount recorded corresponds to the accumulation of the pension costs and interest over obligations, minus benefits paid.

The pension costs for the plan correspond to the sum of the cost of accrued benefits, changes to the plan during the year and the amortization of adjustments for estimates resulting from actuarial gains or losses.

The cost of accrued benefits is evaluated according to the projected benefit method prorated on service and the most probable assumptions determined by the Government.

Change in the liability recorded in the Government's financial statements

	2000	1999
For regular service		
Liability recorded in the Government's financial statements as at March 31 of the previous fiscal year	17 060 586	16 172 687
Increase		
Contributions encashed	1 991	
Pension costs		
Current service	734 563	679 355
Past service	115 883	57 820
Interest	1 181 873	984 086
Transfer of contributions to the Consolidated Revenue Fund	25 094	109 000
	2 059 404	1 830 261
Decrease		
Benefits and administrative expenses paid by the Gouvernement du Québec	571 591	937 384
Inter-plan transfers for past service	8 745	4 978
	580 336	942 362
Net increase	1 479 068	887 899
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	18 539 654	17 060 586

6. GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN (cont'd)

Change in the liability recorded in the Government's financial statements (cont'd)

	2000	1999
Estimated liability recorded as at December 31	20 406 448	18 088 180
For transferred service		
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	2 514 324	2 491 532
Estimated liability recorded as at December 31	2 563 058	2 520 548

The Financial Administration Act (R.S.Q., c. A-6) authorizes the Minister of Finance to create a sinking fund with the Caisse de dépôt et placement du Québec to provide for payment of part or all Government retirement plan benefits. The Government may invest amounts in this fund to a maximum of the amount recorded as a liability in its financial statements under retirement plans, before deduction of the balance of this fund ($44 377 billion as at March 31, 2000). At December 31, 2000, the fair value of the funds entrusted to the Caisse de dépôt et placement du Québec for this purpose was $6 992 billion, $2 454 billion of which are slated for the Government and Public Employees Retirement Plan (RREGOP).

Financing regular service

In keeping with the Act respecting the Government and Public Employees Retirement Plan, CARRA actuaries conduct an actuarial valuation every three years with respect to financing the plan's service. In this valuation, the actuaries take legislative provisions and collective agreements into account by using the valuation method the parties agree to and determine the employee and employer contribution rates. Consequently, from the beginning of the plan, CARRA has presented the Government's commitments to financing regular service as the fund it would have created, had these contributions, established on the same bases as those used to determine the employee fund, been deposited in a pension fund. However, the Act does not oblige the Government to contribute to the plan. The value of this fund was estimated at $39 723 billion as at December 31, 2000.

However, in its consolidated financial statements for the year ended as at March 31, 2000, the Government does not recognize having commitments to the plan on the basis of sharing the annual contribution for financing. According to its interpretation of the legislative provisions of the plan, the Government's commitment vis-à-vis regular service must be determined based on the value of the benefits promised, for which it is responsible, in keeping with the recommendations of the Canadian Institute of Chartered Accountants. Consequently, the pre-recorded contribution representing the difference between the fund the Government would have created, had it paid its contributions and the liability recorded in the Government's financial statements is no longer presented in the notes to the financial statements. However, these notes contain information concerning the various actuarial valuations. The auditor general of Québec issued a restriction in his report, to the effect that the Government does not clearly acknowledge having made commitments to finance the plan, while recognizing that its financial statements correctly present the liability, net debt and surplus for the fiscal year ended on March 31, 2000.

The Government's contribution for regular service corresponds to 3.12% of the pensionable earnings of unionizable contributors (0.40% for non-unionizable contributors). This contribution was established based on the actuarial valuation conducted on the basis of data as at December 31, 1996 and reflects changes to the plan since its publication in October 1998.

The interest credited to this fund is calculated based on the annual rate of return of the funds of the plan entrusted to the Caisse de dépôt et placement du Québec.

6. GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN (cont'd)

Change in the fund the Government would have created (at cost)

	2000	1999
Opening balance	33 059 992	29 390 813
Increase		
Gouvernement du Québec contributions	432 540	564 901
Interest	6 904 957	3 690 404
	40 397 489	33 646 118
Decrease		
Payments received – benefits and administrative expenses paid by the Gouvernement du Québec	670 077	580 833
Inter-plan transfers for past service	4 498	5 293
Closing balance	39 722 914	33 059 992

7. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator. These obligations represent the value of benefits attributable to the years of service at the date of valuation.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuations conducted on the basis of data as at December 31, 1996 and tabled before the retirement committees on October 15, 1998. The most probable real rate of return of 4.5% was used to evaluate benefit obligations. However, the real rate of return used to determine the contribution rates was reduced to 4% to protect contributors against the effect of unfavourable variances on their contributions rates.

The CARRA actuaries established the actuarial value of accrued benefits at $32 815 808 000 as at December 31, 1996 and $45 591 781 000 as at December 31, 2000. These values take the voluntary departure programs of 1997 into account.

	2000			1999
	Employees	Employers	Total	Total
Regular service	20 409 575	21 024 797	41 434 372	36 669 147
Transferred service		3 465 430	3 465 430	2 727 841
Pension credit buyback	156 402	218 961	375 363	356 184
Supplemental pension plans	316 616		316 616	187 040
	20 882 593	24 709 188	45 591 781	39 940 212

7. PENSION OBLIGATIONS (cont'd)

Change in accrued pension obligations

	2000	1999
Actuarial present value of accrued pension benefits - beginning of year	39 940 212	37 663 387
Increase		
Changes to the plan	2 371 698	
Interest	2 767 244	2 435 464
Benefits accrued	1 963 800	1 471 483
	7 102 742	3 906 947
Decrease		
Changes in actuarial assumptions		233 475
Benefits paid	1 441 394	1 384 789
Inter-plan transfers	9 779	11 858
	1 451 173	1 630 122
Net increase for the year	5 651 569	2 276 825
Actuarial present value of accrued pension benefits - end of year	45 591 781	39 940 212

Significant economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	Valuation for accounting purposes	Valuation for funding purpose
Inflation	4.50 %	2.65 %
Rate of return net of inflation	4.50	4.50
Salary escalation rate net of inflation	1.50	0.45

The medium-term rates represent the average rates for the period 1997 to 2007, while the long-term rates represent the rates used as of 2008.

Employee obligations for capitalization purposes

Employee contributions paid into the pension fund to finance the benefits for which they are responsible are determined using different actuarial methods and assumptions than those required according to generally accepted accounting principles in Canada for presenting the actuarial obligation in the financial statements.

In fact, since the creation of the plan, the method used by parties of interest to determine employee contribution rates is the overall attained-age actuarial cost method, free of assets. In keeping with this method, employee contributions are adjusted based on the assets created so as to ensure future payment of the portion of the benefits for which they are responsible, both for service up to the date of valuation and service after this date by contributors who were employed on the date of valuation. Consequently, the value of actuarial obligations corresponds to the value of the assets created and there can be no deficit or surplus assets.

7. PENSION OBLIGATIONS (cont'd)

Employee obligations for capitalization purposes (cont'd)

For capitalization purposes, the value of actuarial obligations for which contributors are responsible with respect to regular service was $22 697 796 000 as at December 31, 1996 and $35 719 282 000 as at December 31, 2000, which corresponds to the market value of the employee fund as at each of these dates.

8. REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000				1999
	Employee contributions fund	Employer contributions fund	SPP fund *	Total	Total
Net investment income from individual funds	1 543 969	2 299	19 441	1 565 709	1 310 516
Interest on demand deposits in the General Fund	891	304		1 195	542
	1 544 860	2 603	19 441	1 566 904	1 311 058
Change in fair value					
Gains from the sale of investments	1 950 495		24 526	1 975 021	703 931
Gains realized but not yet distributed in the individual portfolios	2 924 050		37 225	2 961 275	1 456 226
Unrealized (losses) gains	(4 147 659)		(52 846)	(4 200 505)	1 112 927
	726 886		8 905	735 791	3 273 084

* Supplemental pension plans.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

The Commission's actuaries carried out an actuarial valuation of the plan according to the contributors' profile as at December 31, 1996, in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $32 815 808 000.

In our opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

We have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

André Simard, FICA, FSA
Actuary

Québec, May 3, 2000

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of net assets available for benefits of the Government and Public Employees Retirement Plan as at December 31, 2000, and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of this plan as at December 31, 2000, and the changes in this position for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 27, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
TEACHERS PENSION PLAN (R.S.Q., c. R-11)
PENSION PLAN OF CERTAIN TEACHERS (R.S.Q., c. R-9.1 and P-32.1)
STATEMENT OF CONTRIBUTIONS AND BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000		1999	
CONTRIBUTIONS				
Employee contributions, including contributions for past service				
Teachers Pension Plan	46 015		49 479	
Pension Plan of Certain Teachers	6 232	52 247	9 505	58 984
Contributions of autonomous employers				
Teacher Pension Plan		140		143
Interest revenue				
Teachers Pension Plan	14		16	
Pension Plan of Certain Teachers	7	21	5	21
AMOUNTS DEPOSITED IN THE CONSOLIDATED REVENUE FUND		52 408		59 148
BENEFITS				
Benefits paid				
Pensions				
Teachers Pension Plan	922 169		867 257	
Pension Plan of Certain Teachers	132 745	1 054 914	127 387	994 644
Contribution refunds				
Teachers Pension Plan	2 492		1 430	
Pension Plan of Certain Teachers	171	2 663	89	1 519
Transfer, including interest				
Teachers Pension Plan	8 938		5 704	
Pension Plan of Certain Teachers	781	9 719	1 291	6 995
Administrative expenses				
Teachers Pension Plan	3 358		4 433	
Pension Plan of Certain Teachers	408	3 766	549	4 982
AMOUNTS FROM THE GOUVERNEMENT DU QUÉBEC TO PAY BENEFITS AND ADMINISTRATIVE EXPENSES		1 071 062		1 008 140

PENSION OBLIGATIONS (Note 5)

LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (Note 6)

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

1. DESCRIPTION OF THE PLANS

The following description is given as a matter of information. To obtain more complete information concerning these plans, please consult the following:

- the Act respecting the Teachers Pension Plan (R.S.Q., c. R-11);
- the Act respecting the Pension Plan of Certain Teachers (R.S.Q., c. R-9.1);
- the Act respecting pension coverage for certain teachers (R.S.Q., c. P-32.1).

a) General information

These pension plans are administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). They are defined benefit pension plans offered to:

- teachers appointed or hired by a recognized educational institution prior to July 1, 1973;
- certain categories of teachers who used to belong to a religious community.

b) Funding

Pension benefits under these plans are funded by contributors and independent employers according to contribution rates set by law, and by the Government, which assumes the remaining pension obligations.

c) Retirement benefits

Contributors are entitled to benefits without any actuarial reduction at age 65 for men, or age 60 for women. They are also entitled to such benefits if they are 62 years of age and have 10 years' pensionable service, if they have 33 years' pensionable service under the Teachers Pension Plan (TPP) or 35 years' pensionable service under the Pension Plan of Certain Teachers (PPCT), or if they are 55 years of age and have 32 years' pensionable service.

Contributors are entitled to an actuarially reduced pension if they have 22 years' pensionable service and are 55 years of age for men, or 50 years of age for women. Women are also entitled to such a pension if they have 10 years' pensionable service and are 58.

The pension is calculated by multiplying the average pensionable salary for the five best-paid years by 2% per year of service. The pension is reduced beginning at age 65 in order to coordinate it with that of the Québec Pension Plan.

An additional pension equal to the average pensionable salary multiplied by 1.6% per year of credited service is added to the pension under the PPCT.

d) Disability pensions

The TPP Plan provides for payment of a disability pension to an employee who has been disabled. The pension is calculated as a regular pension according to the number of years of pensionable service credited to the plan.

e) Death benefits

Upon the death of a contributor or pensioner, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received. Under the TPP, each dependent child is eligible to receive a pension equal to 10% of this pension if a pension is paid to the spouse, or to 20% of the pension if no pension is paid to the spouse. In the first case, the total pension awarded to all dependent children must not exceed 40% of the pension the deceased was receiving or would have received, while in the second case, it must not exceed 80% of this pension.

In the case of the TPP, if a contributor dies before being eligible to receive an immediate pension, contributions, plus interest, are refunded to the spouse or, failing that, to the assigns.

TEACHERS PENSION PLAN
PENSION PLAN OF CERTAIN TEACHERS
NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

1. DESCRIPTION OF THE PLANS (cont'd)

e) Death benefits (cont'd)

In the case of the PPCT, if a contributor dies before being eligible to receive an immediate pension, contributions, plus interest, are refunded to the spouse or, failing that, to the assigns.

f) Severance benefits

According to the terms and conditions of the TPP, persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to the refund of contributions if they have fewer than 10 years' pensionable service. If they have over 10 years' pensionable service, they are entitled to a deferred indexed pension or may request that the total contributions paid into the plan or the actuarial value of the deferred indexed pension, whichever is higher, be transferred to a locked-in retirement account (LIRA).

According to the terms and conditions of the PPCT, persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to the refund of contributions, plus interest, if they have fewer than two years' pensionable service. If they have 10 or more years' pensionable service and are older than 45, they are entitled to a deferred indexed pension. In all other cases, contributors are entitled to choose between the refund of contributions, plus interest, or a deferred indexed pension.

Contributors are eligible for a deferred indexed pension at the age of 60 or 65, depending on the terms and conditions of each plan.

g) Indexation of benefits

Pension benefits under these plans are fully indexed to the cost of living increase for that portion of the pension which corresponds to vested service prior to July 1, 1982, and are partially indexed for that portion of the pension which corresponds to vested service after June 30, 1982.

2. ACCOUNTING POLICIES

The financial statement was prepared by management in accordance with generally accepted accounting principles in Canada. This statement includes amounts based on best estimates and judgements. Since the plans have no assets, the statement of assets available for benefit service has not been presented.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

3. CAPITALIZATION POLICY

For the TPP, the employee and independent employer contributions for the fiscal year were 6.28% of the pensionable portion of the salary that exceeds the personal exemption under the Act respecting the Québec Pension Plan (R.S.Q., c. R-9), to the maximum pensionable earnings within the meaning of this same Act and 8.08% of the remaining pensionable earnings. Under section 177 of the Act respecting the Government and Public Employees Retirement Plan, these rates are no longer reviewed.

For the PPCT, the employee contribution is 5.35% of the surplus of pensionable earnings over 35% of the maximum pensionable earnings within the meaning of the Act respecting the Québec Pension Plan.

The employee and independent employer contributions are deposited in the Consolidated Revenue Fund. The Act does not oblige the Government to contribute to these plans. However, it must be able to pay out all benefits when they become payable, by taking amounts from the Consolidated Revenue Fund.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

TEACHERS PENSION PLAN
PENSION PLAN OF CERTAIN TEACHERS
NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

4. AMOUNTS RECEIVABLE / TRANSFERS - PENSION PLAN OF CERTAIN TEACHERS

Sections 53 and 54 of the Act respecting the Pension Plan of Certain Teachers, in force since June 1986, stipulate that all amounts paid into the Caisse de dépôt et placement du Québec under the Act respecting the Government and Public Employees Retirement Plan for individuals covered by this Act must be transferred to the Consolidated Revenue Fund, after deducting all benefits paid or payable.

As at December 31, 2000, an amount of $5 555 000 ($8 805 000 as at December 31, 1999) was receivable in relation to this transfer. In keeping with the capitalization policy, this amount will be paid into the Consolidated Revenue Fund.

5. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuations conducted on the basis of data as at December 31, 1996 and tabled before the retirement committees in fall 1998.

The CARRA actuaries established the actuarial value of accrued benefits of the TPP at $13 466 814 000 and those of the PPCT at $1 547 870 000 as at December 31, 1996, and estimated these amounts at $13 437 326 000 and $1 561 034 000 as at December 31, 2000. These values take the voluntary departure programs of 1997 into account.

Change in pension obligations

	2000	1999
Teachers Pension Plan		
Actuarial present value of accrued pension benefits – beginning of year	13 825 175	13 709 649
Increase		
Interest	844 831	866 713
Benefits accrued	123 789	123 204
	968 620	989 917
Decrease		
Changes to the plan	422 870	
Benefits paid	933 599	874 391
	1 356 469	874 391
Net (decrease) increase for the year	(387 849)	115 526
Actuarial present value of accrued pension benefits - end of year (amounts carried forward)	13 437 326	13 825 175

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

TEACHERS PENSION PLAN
PENSION PLAN OF CERTAIN TEACHERS
NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

5. PENSION OBLIGATIONS (cont'd)

Change in Pension Obligations (cont'd)

	2000	1999
Amounts brought forward	13 437 326	13 825 175
Pension Plan of Certain Teachers		
Actuarial present value of accrued pension benefits - beginning of year	1 573 909	1 574 233
Increase		
Interest	98 202	98 461
Benefits accrued	22 620	29 982
	120 822	128 443
Decrease		
Benefits paid	133 697	128 767
Net decrease for the year	12 875	324
Actuarial present value of accrued pension benefits - end of year	1 561 034	1 573 909
	14 998 360	15 399 084

Significant economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	Valuation for accounting purposes	Valuation for funding purpose
Inflation	4.50 %	2.65 %
Rate of return net of inflation	4.50	4.50
Salary escalation rate net of inflation	1.50	0.45

The medium-term rates represent the average rates for the period 1997 to 2007, while the long-term rates represent the rates used as of 2008.

6. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS

Since the Government has not created a pension fund for this plan, it records, as a liability in the financial statements, an amount established based on the value of benefits promised for which it is responsible, in keeping with generally recognized accounting policies applicable to the public sector in Canada.

This amount corresponds to the accumulation of the pension costs and interest over obligations, minus benefits paid. To this amount are added the amounts deposited for the plans in the Consolidated Revenue Fund.

The pension costs for the plan correspond to the sum of the cost of accrued benefits, changes to the plan during the year and the amortization of adjustments for estimates resulting from actuarial gains or losses.

6. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (cont'd)

The cost of accrued benefits is evaluated according to the accumulated benefit method prorated based on years of service and the most probable assumptions determined by the Government.

Change in the liability recorded in the Government's financial statements

	2000	1999
Liability recorded in the Government's financial statements as at March 31 of the previous fiscal year	14 628 927	14 570 368
Increase		
Contributions recovered	58 993	61 746
Pension costs		
Current service	92 662	95 985
Past service	43 564	17 108
Interest	939 270	849 358
Inter-plan transfers for past service	6 275	4 977
	1 140 764	1 029 174
Decrease		
Benefits and administrative expenses paid by the Gouvernement du Québec	1 022 756	970 615
Net increase	118 008	58 559
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	14 746 935	14 628 927
Estimated liability recorded as at December 31	14 359 976	14 734 216

The Financial Administration Act (R.S.Q., c. A-6) authorizes the Minister of Finance to create a sinking fund with the Caisse de dépôt et placement du Québec to provide for payment of part or all Government retirement plan benefits. The Government may invest amounts in this fund to a maximum of the amount recorded as a liability in its financial statements under retirement plans, before deduction of the balance of this fund ($44 377 billion as at March 31, 2000). As at December 31, 2000, the fair value of the funds entrusted to the Caisse de dépôt et placement du Québec for this purpose was $6 992 billion, $2 454 billion of which are slated for the Government and Public Employees Retirement Plan (RREGOP).

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
TEACHERS PENSION PLAN
PENSION PLAN OF CERTAIN TEACHERS

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE TEACHERS PENSION PLAN

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1996, in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $13 466 814 000. These values take the voluntary departure programs of 1997 into account.

In our opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

We have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

André Simard, FICA, FSA
Actuary

Québec, May 19, 1999

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996, AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE PENSION PLAN OF CERTAIN TEACHERS

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1996, in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $1 547 870 000. These values take the voluntary departure programs of 1997 into account.

In our opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

We have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

André Simard, FICA, FSA
Actuary

Québec, May 19, 1999

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

TEACHERS PENSION PLAN
PENSION PLAN OF CERTAIN TEACHERS

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of contributions and benefits of the Teachers Pension Plan and the Pension Plan of Certain Teachers for the year ended December 31, 2000. This financial statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the contributions and benefits of these plans for the year ended December 31, 2000 in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 27, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
CIVIL SERVICE SUPERANNUATION PLAN
(R.S.Q., c. R-12)
STATEMENT OF CONTRIBUTIONS AND BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000	1999
CONTRIBUTIONS		
Employee contributions, including contributions for past service	10 350	12 658
Contributions of autonomous employers	2 822	3 644
Interest on contributions receivable from autonomous employers and other interest revenue	381	1 888
AMOUNTS DEPOSITED IN THE CONSOLIDATED REVENUE FUND	13 553	18 190
BENEFITS		
Benefits paid		
Pensions	429 826	425 096
Contribution refunds	656	438
Transfers, including interest	4 593	4 599
Administrative expenses	1 609	1 723
AMOUNTS FROM THE GOUVERNEMENT DU QUÉBEC TO PAY BENEFITS AND ADMINISTRATIVE EXPENSES	436 684	431 856

PENSION OBLIGATIONS (Note 4)

LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (Note 5)

Luc Bessette
Chairman of the Commission

Marc Landry
Acting Director of Participation,
Finance and Administration

1. DESCRIPTION OF THE PLAN

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult the Act respecting the Civil Service Superannuation Plan (R.S.Q., c. R-12).

a) General information

The Civil Service Superannuation Plan is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to civil service employees appointed or hired prior to July 1, 1973.

b) Funding

Pension benefits under these plans are funded by contributors and independent employers according to contribution rates set by law, and by the Government, which assumes the remaining pension obligations.

c) Retirement benefits

Contributors are entitled to benefits without any actuarial reduction:

- at age 65;
- at age 62 for men, or age 60 for women, if they have 10 years' pensionable service;
- if they have 35 years' pensionable service;
- at age 55 if they have 32 years' pensionable service; or
- at age 60 if their age and years of pensionable service total 90.

They are entitled to an actuarially reduced pension at the age of 55 for men, or 50 for women, if they have accumulated 22 years' pensionable service, at the age of 60, or under the age of 60 if their age and years of pensionable service total 90.

The pension is calculated by multiplying the average pensionable salary of the five best paid years by 2% per year of service. The pension is reduced beginning at the age of 65 in order to coordinate it with that of the Québec Pension Plan.

d) Disability pensions

The Civil Service Superannuation Plan provides for payment of a disability pension to an employee who has been disabled. The pension is calculated as a regular pension according to the number of years of pensionable service credited to the plan.

e) Death benefits

In the event of death, be it that of a contributor or a pensioner, the surviving spouse is entitled to a pension equal to 60% of the pension the deceased was receiving or would have received. The plan makes provision so that each dependent child is eligible to receive a pension equal to 10% of this pension if a pension is paid to the spouse, or to 20% of the pension if no pension is paid to the spouse. In the first case, the total pension awarded to all dependent children must not exceed 40% of the pension the deceased was receiving or would have received, while in the second case, it must not exceed 80% of this pension.

If the participant dies before becoming eligible for an immediate pension, the contributions are refunded without interest to the spouse or, if there is no spouse, to the heirs without interest..

f) Severance benefits

Persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to the refund of contributions if they have fewer than 10 years' pensionable service. If they have over 10 years' pensionable service, they are entitled to a deferred indexed pension at the age of 65 for men, or 60 for women, or may request that the total contributions paid into the plan or the actuarial value of the deferred indexed pension, whichever is higher, be transferred to a locked-in retirement account (LIRA).

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

CIVIL SERVICE SUPERANNUATION PLAN

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

---

1. DESCRIPTION OF THE PLAN (cont'd)

h) Indexation of benefits

Pension benefits under this plan are fully indexed to the cost of living increase for that portion of the pension which corresponds to vested service prior to July 1, 1982, and are partially indexed for that portion of the pension which corresponds to vested service after June 30, 1982.

2. ACCOUNTING POLICIES

The financial statement of the Civil Service Superannuation Plan was prepared by management in accordance with generally accepted accounting principles in Canada. This statement includes amounts based on best estimates and judgements. Since the plans have no assets, the statement of assets available for benefit service has not been presented.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

3. CAPITALIZATION POLICY

For the CCSP, the employee and independent employer contributions for the fiscal year were 5.45% of the pensionable portion of the salary that exceeds the personal exemption under the Act respecting the Québec Pension Plan (R.S.Q., c. R-9), to the maximum pensionable earnings within the meaning of this same Act and 7.25% of the remaining pensionable earnings. Under section 177 of the Act respecting the Government and Public Employees Retirement Plan, these rates are no longer reviewed.

The employee and independent employer contributions are deposited in the Consolidated Revenue Fund. The Act does not oblige the Government to contribute to these plans. However, it must be able to pay out all benefits when they become payable, by taking amounts from the Consolidated Revenue Fund.

4. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuation conducted on the basis of data as at December 31, 1996 and tabled before the retirement committees on October 15, 1998.

The CARRA actuaries established the actuarial value of accrued benefits at $5 725 874 000 as at December 31, 1996 and estimated it at $5 299 217 000 as at December 31, 2000. These values take the voluntary departure programs of 1997 into account.

	2000	1999
Actuarial present value of accrued pension benefits – beginning of year	5 573 418	5 617 505
Increase		
Interest	335 794	352 256
Benefits accrued	29 802	33 790
	365 596	386 046
Decrease		
Change to the plan	204 722	
Benefits paid	435 075	430 133
	639 797	430 133
Net decrease for the year	274 201	44 087
Actuarial present value of accrued pension benefits – end of year	5 299 217	5 573 418

4. PENSION OBLIGATIONS (cont'd)

Significant economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	Valuation for accounting purposes	Valuation for funding purpose
Inflation	4.50 %	2.65 %
Rate of return net of inflation	4.50	4.50
Salary escalation rate net of inflation	1.50	0.45

The medium-term rates represent the average rates for the period 1997 to 2007, while the long-term rates represent the rates used as of 2008.

5. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS

Since the Government has not created a pension fund for these plans, it records, as a liability in the financial statements, an amount established based on the value of benefits promised for which it is responsible, in keeping with generally recognized accounting policies applicable to the public sector in Canada. This amount corresponds to the accumulation of the pension costs and interest over obligations, minus benefits paid. To this amount are added the amounts deposited for the plans in the Consolidated Revenue Fund.

The pension costs for the plan correspond to the sum of the cost of accrued benefits, changes to the plan during the year and the amortization of adjustments for estimates resulting from actuarial gains or losses.

The cost of accrued benefits is evaluated according to the projected benefit method prorated on service and the most probable assumptions determined by the Government.

Change in the liability recorded in the Government's financial statements

	2000	1999
Liability recorded in the Government's financial statements as at March 31 of the previous fiscal year	5 381 363	5 436 286
Increase		
Contributions recovered	36 876	28 458
Pension costs		
Current service	23 187	25 067
Past service	17 502	7 411
Interest	342 644	315 132
	420 209	376 068
Decrease		
Benefits and administrative expenses paid by the Gouvernement du Québec	432 219	430 991
Net decrease	12 010	54 923
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	5 369 353	5 381 363

5. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (cont'd)

Change in the liability recorded in the Government's financial statements (cont'd)

	2000	1999
Estimated liability recorded as at December 31	5 126 255	5 369 639

The Financial Administration Act (R.S.Q., c. A-6) authorizes the Minister of Finance to create a sinking fund with the Caisse de dépôt et placement du Québec to provide for payment of part or all Government retirement plan benefits. The Government may invest amounts in this fund to a maximum of the amount recorded as a liability in its financial statements under retirement plans, before deduction of the balance of this fund ($44 377 billion as at March 31, 2000). At December 31, 2000, the fair value of the funds entrusted to the Caisse de dépôt et placement du Québec for this purpose was $6 992 billion, $2 454 billion of which are slated for the Government and Public Employees Retirement Plan (RREGOP).

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

CIVIL SERVICE SUPERANNUATION PLAN

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE CIVIL SERVICE SUPERANNUATION PLAN TEACHERS PENSION

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1996 in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for the plan amounted to $5 725 874 000. These values take the voluntary departure programs of 1997 into account.

In our opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

We have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

André Simard, FICA, FSA
Actuary

Québec, May 19, 1999

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of contributions and benefits of the Superannuation Plan for the year ended December 31, 2000. This financial statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the contributions and benefits of the plan for the year ended December 31, 2000 in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 27, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
PENSION PLANS OF THE MEMBERS OF THE NATIONAL ASSEMBLY, JUDGES OF THE COURT OF QUÉBEC AND SPECIAL PENSION PLANS (R.S.Q., c. C-52.1)
STATEMENT OF CONTRIBUTIONS AND BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
CONTRIBUTIONS		
Employee contributions, including contributions for past service		
Pension Plan of the Members of the National Assembly	860	860
Contributions of autonomous employers		
Pension Plan of the Judges of the Court of Québec	68	62
Interest revenue	5	5
AMOUNTS DEPOSITED IN THE CONSOLIDATED REVENUE FUND	933	927

	2000		1999	
BENEFITS				
Benefits paid				
Pensions				
Pension Plan of the Members of the National Assembly	7 565		8 033	
Pension Plan of the Judges of the Court of Québec	12 012		11 367	
Pension Plan of Certain Judges of the Court of Québec	1 051		1 180	
Pension Plan of the Members of the Commission des valeurs mobilières du Québec	75		74	
Pension Plan of the Public Protector and his/her assistant	150		72	
Special Pensions	12	20 865	15	20 741
Contribution refunds and transfer including interest				
Pension Plan of the Members of the National Assembly		29		862
Administrative expenses				
Pension Plan of the Members of the National Assembly	25		32	
Pension Plan of the Judges of the Court of Québec	32	57	39	71
AMOUNTS FROM THE GOUVERNEMENT DU QUÉBEC TO PAY BENEFITS AND ADMINISTRATIVE EXPENSES		20 951		21 674

PENSION OBLIGATIONS (Note 4)
LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (Note 5)

Luc Bessette
Chairman of the Commission
Marc Landry
Director of Participation,
Finance and Administration

1. DESCRIPTION OF THE PLANS

Pension plan of the members of the National Assembly

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult the Act respecting the conditions of employment and the pension plan of the Members of the National Assembly (R.S.Q., c. C-52.1) and section 94 of the Act respecting the Legislative Council (S.Q. 1968, chapter 9).

a) General information

The Pension Plan of the Members of the National Assembly (PPMNA) is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to the Members of the National Assembly.

b) Funding

Pension benefits under these plans are funded by contributors according to contribution rates set by law, and by the Government, which assumes the remaining pension obligations.

c) Retirement benefits

A contributor who ceases to be a Member of the National Assembly is entitled to benefits without any actuarial reduction at the age of 60, or to an actuarially reduced pension if he or she is under 60. However, this pension is payable, at the latest, on December 31 of the year in which the contributor turns 69, even if he or she is still a Member of the National Assembly.

The pension is equal to total pension credits calculated annually by multiplying the admissible indemnity received by 1.75%, without exceeding 25 years' participation. These pension credits are indexed to the cost of living increase up until the time the contributor retires.

Any contributor who was an MNA prior to January 1, 1983 and at January 1, 1992, is also entitled to a pension equal to 75% of total contributions credited prior to January 1, 1983, which were not reimbursed and which were indexed until December 31, 1996.

d) Death benefits

In the event of death, be it that of a contributor or a pensioner, the surviving spouse is entitled to a pension equal to 60% of the pension the deceased was receiving or would have received. The plan makes provision so that each dependent child is eligible to receive a pension equal to 10% of this pension or, if no pension is paid to the spouse, to 20% of the pension.

However, the surviving spouse will receive 50% or 100% of the pension if, prior to January 1, 1992, the Member chose either of these options.

The pension paid to the spouse and dependent children, or to the latter alone, cannot exceed the amount of pension the Member was receiving or would have received.

e) Severance benefits

Under certain conditions, persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to the refund of the actuarial value of the pension.

f) Indexation of benefits

Pension benefits under this plan are fully indexed to the cost of living increase for that portion of the pension which corresponds to vested service prior to January 1, 1983, and are partially indexed for that portion of the pension which corresponds to vested service after December 31, 1982.

1. DESCRIPTION OF THE PLANS (cont'd)

Pension plan of the judges of the Court of Québec
Pension plan of certain judges of the Court of Québec

The following description is given as a matter of information. To obtain more complete information concerning these plans, please consult sections 225 to 246.28 of the Courts of Justice Act (R.S.Q., c. T-16).

a) General information

The Pension Plan of the Judges of the Court of Québec (PPJCQ) and the Pension Plan of Certain Judges of the Court of Québec (PPCJCQ) are administered by the CARRA. They are defined benefit pension plans offered to judges of the Court of Québec.

b) Funding

Pension benefits under these plans are funded entirely by the Government.

c) Retirement benefits

In general, contributors are entitled to benefits at the age of 65 or if they have 25 years' pensionable service, for judges of the Court of Québec, or at age 70 or if they have 20 years' pensionable service, for certain judges of the Court of Québec. Contributors are entitled to an actuarially reduced pension if their age and years of pensionable service total less than 80.

The pension is calculated by multiplying the average pensionable salary for the three best paid years by 2.8% per year of service credited prior to December 31, 1996, and by 1.5% per year of service credited thereafter for judges of the Court of Québec. A fixed amount has been set for certain judges of the Court of Québec.

d) Disability Pension

These pension plans provide for payment of a disability pension to an employee who has been totally and permanently disabled. This pension is calculated according to the same terms and conditions as a regular pension.

e) Death benefits

Upon the death of a contributor or a pensioner under the PPJCQ, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received, or to 60% or 66 2/3% if the contributor had chosen a reduced pension. The plan makes provision so that each dependent child is eligible to receive a pension equal to 10% of this pension if a pension is paid to the spouse, or to 20% of the pension if no pension is paid to the spouse. In the first case, the total pension awarded to all dependent children must not exceed 40% of the pension the deceased was receiving or would have received, while in the second case, it must not exceed 80% of this pension. If a contributor dies before being eligible to receive a pension, contributions, plus interest, are refunded to the surviving spouse or, failing that, to the assigns.

In the event of death, be it that of a contributor or a pensioner under the PPCJCQ, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received.

f) Severance benefits

Persons who cease to contribute to the PPJCQ before being eligible to receive an immediate pension are entitled to a deferred indexed pension at the age of 65 if they have more than two years' pensionable service; otherwise, they are entitled to the refund of contributions, plus interest.

Persons who cease to contribute to the PPCJCQ before being eligible to receive an immediate pension are entitled only to the refund of contributions, plus interest.

1. DESCRIPTION OF THE PLANS (cont'd)

Pension plan of the judges of the Court of Québec
Pension plan of certain judges of the Court of Québec (cont'd)

g) Indexation of benefits

Pension benefits under the PPJCQ are fully indexed to the cost of living increase for the portion of the pension which corresponds to vested service prior to July 1, 1990, and are partially indexed for the portion of the pension which corresponds to vested service after June 30, 1990. Pension benefits under the PPCJCQ are fully indexed if contributors opt for such indexation by investing the required amounts.

Pension plan of the members of the Commission des valeurs mobilières du Québec
Pension plan of the Public Protector and his/her assistant
Special pension plans

The following description is given as a matter of information. To obtain more complete information concerning these plans, please consult the following:

- section 25 of the Act to amend the Securities Act (S.Q. 1971, chapter 77) regarding the pension plan of the members of the Commission des valeurs mobilières du Québec;
- the Public Protector Act (R.S.Q., c. P-32) regarding the pension plan of the Public Protector and his/her assistant;
- the agreement between the Gouvernement du Québec and the Association des policiers provinciaux du Québec regarding benefits payable following the death of a member of the Sûreté du Québec in the line of duty;
- the Act granting a pension to the widow of Mr. Pierre Laporte (S.Q. 1970, chapter 6);

a) General information

These pension plans are administered by the CARRA. They are defined benefit pension plans offered to the members of the Commission des valeurs mobilières du Québec and to the Public Protector and his/her assistant. The special pension plans include benefits payable following the death of a member of the Sûreté du Québec in the line of duty and benefits granted to the widow of Mr. Pierre Laporte.

b) Funding

Pension benefits under these plans are funded entirely by the Government.

c) Retirement benefits

Benefits under the PPMCVMQ are equal to 75% of what the member was earning at retirement if he or she has more than 20 years' pensionable service or is disabled, and to 100% of what the member was earning at that time, if he or she is older than 75. In the event of death, the surviving spouse is entitled to a pension equal to 25% of the member's salary. Certain pensions under the plan are indexed to the cost of living increase.

Benefits under the pension plan of the Public Protector and his/her assistant are equal to 25% of what the contributor was earning at retirement per period of 5 years' pensionable service, without exceeding 75%. In the event of death, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received. The plan also provides for payment of a disability pension to an employee who has been disabled. Pension benefits are not indexed to the cost of living increase.

1. DESCRIPTION OF THE PLANS (cont'd)

Pension plan of the members of the Commission des valeurs mobilières du Québec
Pension plan of the Public Protector and his/her assistant
Special pension plans (cont'd)

d) Special pension plans

Benefits payable upon the death of a member of the Sûreté du Québec while in the line of duty are equal to 80% of the salary the member would have received had he or she reached the age of 60 or been eligible to receive a pension under the Superannuation Plan for the Members of the Sûreté du Québec, whichever would have occurred first. These benefits are payable to the surviving spouse or, failing that, to the dependent children. Benefits provided for upon the death of a member while not in the line of duty are paid to the surviving spouse and dependent children, after making the necessary changes, as of the date the member would have been eligible to receive a pension under the Superannuation Plan for the Members of the Sûreté du Québec.

The amount of the special pension paid to. Pierre Laporte's widow was established by the Act.

2. ACCOUNTING POLICIES

This financial statement was prepared by management in accordance with generally accepted accounting principles in Canada. This statement includes amounts based on best estimates and judgements. Since the plans have no assets, the statement of assets available for benefit service has not been presented.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

3. CAPITALIZATION POLICY

The employee contribution for the fiscal year to the PPMNA is 9% of pensionable earnings.

The PPJCQ and PPCJCQ are non-contributory since January 1, 1990. For municipal court judges, the municipalities contribute an amount corresponding to 9.70% of their payroll to the plan.

The Pension plan of the members of the Commission des valeurs mobilières du Québec and the Pension plan of the Public Protectors and his/her assistant are non-contributory.

The employee and independent employer contributions are deposited in the Consolidated Revenue Fund. The Act does not oblige the Government to contribute to these plans. However, it must be able to pay out all benefits when they become payable, by taking amounts from the Consolidated Revenue Fund.

4. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service (except for the PPMNA, for which the accumulated benefit method must be used) and the most probable assumptions in the opinion of the plan administrator.

For the most recent actuarial valuation prepared for each plan contemplated in this financial statement, the assumptions chosen by CARRA are the same as those adopted by the Government in 1995 in the context of the preparation of its financial statements for the purpose of recording its pension costs.

For all of the plans contemplated in this financial statement, the CARRA actuaries established the actuarial value of accrued benefits at $283 673 000 as at December 31, 1996 and estimated it at $306 380 000 as at December 31, 2000, i.e. $108 397 000 for the PPMNA and $197 983 000 for the other plans.

4. PENSION OBLIGATIONS (cont'd)

Change in pension obligations

	2000	1999
Pension Plan of the Members of the National Assembly		
Actuarial present value of accrued pension benefits – beginning of year	106 342	105 598
Increase		
Interest	8 161	8 151
Benefits accrued	1 488	1 488
	9 649	9 639
Decrease		
Benefits paid	7 594	8 895
Net increase for the year	2 055	744
Actuarial present value of accrued pension benefits – end of year	108 397	106 342
Pension plans of the Judges of the Court of Québec, of Certain Judges of the Court of Québec and the Members of the Commission des valeurs mobilières du Québec		
Actuarial present value of accrued pension benefits – beginning of year	192 681	187 779
Increase		
Interest	14 845	14 635
Benefits accrued	3 595	2 888
	18 440	17 523
Decrease		
Benefits paid	13 138	12 621
Net increase for the year	5 302	4 902
Actuarial present value of accrued pension benefits end of year	197 983	192 681
	306 380	299 023

Significant long-term economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

Inflation	3.00 %
Rate of return net of inflation	4.30
Salary escalation rate net of inflation	1.25

5. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS

Since the Government has not created a pension fund for these plans, it records, as a liability in the financial statements, an amount established based on the value of benefits promised for which it is responsible, in keeping with generally recognized accounting policies applicable to the public sector in Canada. This amount corresponds to the accumulation of the pension costs and interest over obligations, minus benefits paid. To this amount are added the amounts deposited for the plans in the Consolidated Revenue Fund.

The pension costs for the plans correspond to the sum of the cost of accrued benefits, changes to the plans during the year and the amortization of adjustments for estimates resulting from actuarial gains or losses.

The cost of accrued benefits is evaluated according to the accumulated benefit method prorated based on years of service and the most probable assumptions determined by the Government.

Change in the liability recorded in the Government's financial statements

	2000	1999
Liability recorded in the Government's financial statements as at March 31 of the previous fiscal year	295 279	288 496
Increase		
Contributions recovered	959	870
Pension costs		
Current service	3 540	5 173
Interest	22 785	21 824
	27 284	27 867
Decrease		
Benefits and administrative expenses paid by the Gouvernement du Québec	21 041	21 084
Net increase	6 243	6 783
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	301 522	295 279
Estimated liability recorded as at December 31	307 195	299 776

The Financial Administration Act (R.S.Q., c. A-6) authorizes the Minister of Finance to create a sinking fund with the Caisse de dépôt et placement du Québec to provide for payment of part or all Government retirement plan benefits. The Government may invest amounts in this fund to a maximum of the amount recorded as a liability in its financial statements under retirement plans, before deduction of the balance of this fund ($44 377 billion as at March 31, 2000). As at December 31, 2000, the fair value of the funds entrusted to the Caisse de dépôt et placement du Québec for this purpose was $6 992 billion, $2 454 billion of which are slated for the Government and Public Employees Retirement Plan (RREGOP).

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996 AND DETERMINED FOR THE PURPOSES OF THE FINANCIAL STATEMENTS OF THE PENSION PLAN OF THE MEMBERS OF THE NATIONAL ASSEMBLY

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1996 in order to determine the value of the obligations to be recorded in the plan's financial statement. The actuarial assumptions used correspond to those adopted by the Government in 1995 for the preparation of its financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $103 010 000.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

I have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 19, 1999

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996 AND DETERMINED FOR THE PURPOSES OF THE PENSION PLANS OF THE JUDGES OF THE COURT OF QUÉBEC, OF CERTAIN JUDGES OF THE COURT OF QUÉBEC AND OF THE MEMBERS OF THE COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC

The Commission's actuaries carried out an actuarial valuation of these plans according to the contributors' profile as at December 31, 1996 in order to determine the value of the obligations to be recorded in the plan's financial statement. The actuarial assumptions used correspond to those adopted by the Government in 1995 for the preparation of its financial statements. This valuation reveals that, at that date, pension obligations for these plans amounted to $180 663 000.

In our opinion,

- the data on which this valuation is based are adequate and reliable;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

We have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

André Simard, FICA, FSA
Actuary

Québec, May 19, 1999

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLANS OF THE MEMBERS OF THE NATIONAL ASSEMBLY, JUDGES OF THE COURT OF QUÉBEC AND SPECIAL PENSION PLANS

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of contributions and benefits of the pension plans of the Members of the National Assembly, the judges of the Court of Québec, certain judges of the Court of Québec, and the members of the Commission des valeurs mobilières du Québec and of the special pension plans mentioned in Note 1 for the year ended December 31, 2000. This financial statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this financial statement based on my audit.

Apart from what is disclosed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As disclosed in Note 4, the amount of obligations related to the pension plan benefits of members of the National Assembly, judges of the Court of Québec, certain judges of the Court of Québec and commissioners of the Commission des valeurs mobilières du Québec, which are evaluated respectively at $108 397 000 and $197 983 000 as at December 31, 2000, resulting from the projection of the actuarial value of the benefits accrued as at December 31, 1996. In the absence of more recent actuarial evaluations than those of December 31, 1996, I was unable to determine whether adjustments should have been made to the amount of the obligations related to the benefits as at December 31, 2000.

In my opinion, apart from the effect of potential adjustments that might have been necessary had the obligations related to benefits as at December 31, 2000 been projected based on a more recent actuarial valuation as indicated in the preceding paragraph, this financial statement presents fairly, in all material respects, the contributions and benefits for these plans for the year ended December 31, 2000, in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, March 28, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
SUPERANNUATION PLAN FOR THE MEMBERS OF THE SÛRETÉ DU QUÉBEC

STATEMENT OF CONTRIBUTIONS AND BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
CONTRIBUTIONS		
Employee contributions, including contributions for past service	13 837	17 308
Contributions of autonomous employers	97	107
Interest revenue	43	7
AMOUNTS DEPOSITED IN THE CONSOLIDATED REVENUE FUND	13 977	17 422
BENEFITS		
Benefits paid		
Pensions	111 296	104 855
Contribution refunds	319	202
Transfers, including interest	6 782	6 756
Administrative expenses	516	608
AMOUNTS FROM THE GOUVERNEMENT DU QUÉBEC TO PAY BENEFITS AND ADMINISTRATIVE EXPENSES	118 913	112 421

PENSION OBLIGATIONS (Note 4)

LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (Note 5)

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

1. DESCRIPTION OF THE PLAN

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult the 1992 agreement between the Gouvernement du Québec and the Association des policiers provinciaux du Québec as well as the letter of agreement endorsed by the parties in 2000 regarding the Superannuation Plan for the Members of the Sûreté du Québec for the period January 1, 1992 to June 30, 2002.

a) General information

The Superannuation Plan for the Members of the Sûreté du Québec is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to eligible members of the Sûreté du Québec.

b) Funding

Pension benefits under these plans are funded by contributors and independent employers according to contribution rates set by the agreement, and by the Government, which assumes the remaining pension obligations.

c) Retirement benefits

Contributors are entitled to benefits without any actuarial reduction if they have 25 years' pensionable service or if their age and years of pensionable service total 75.

They are entitled to an actuarially reduced pension if they have 20 years' pensionable service.

Contributors must retire at the age of 60 or if they have 32 years' pensionable service.

The pension is equal to the sum of the following:

- for past service credited prior to January 1, 1992, the amount obtained by multiplying the average pensionable salary for the 48 best paid months by 2.3% per year of service for the first 30 years of service and by 0.5% per year for the thirty-first and thirty-second years; and
- for service credited after December 31, 1991, the amount obtained by multiplying the average pensionable salary for the 36 best paid months by 2% per year of service, to which is added, until age 65, an additional amount equal to 0.3% per year of service.

The pension for past service credited prior to January 1, 1992, is reduced beginning at age 65 to coordinate it with that of the Québec Pension Plan.

d) Death benefits

Upon the death of a pensioner or of a person who was not on duty but who had contributed to the plan for at least 10 years, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received, excluding the additional amount.

The plan makes provision so that each dependent child is eligible to receive a pension equal to 10% of this pension, if a pension is paid to the spouse, without the total pension awarded to all dependent children exceeding 40% of the pension the deceased was receiving or would have received. If no pension is paid to the spouse, the dependent children share, in equal parts, a pension equal to that which the surviving spouse would have received, plus 10% per child, beginning with the second child, without the total pension awarded to all the children exceeding 80% of the pension the deceased was receiving or would have received.

If a contributor dies while not on duty and before accumulating 10 years' pensionable service, contributions, plus interest, are refunded to the spouse or, failing that, to the assigns.

1. DESCRIPTION OF THE PLANS (cont'd)

e) Severance benefits

Persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to the refund of contributions, plus interest, if they have fewer than two years' pensionable service.

In all other cases, contributors may choose between the partial or complete refund of contributions, plus interest, and a deferred indexed pension, depending on their age and years of pensionable service when they cease to contribute to the plan.

Contributors are entitled to the deferred indexed pension at the age of 60 or if they have 32 years' pensionable service, whichever occurs first.

f) Indexation of benefits

Pensioners who became members of the Sûreté du Québec prior to April 1, 1987, receive pensions which are fully indexed to the cost of living increase for pensionable service credited prior to January 1, 1992, and up to 20 years' pensionable service after that date. In all other cases, pensions are partially indexed to the cost of living increase.

2. ACCOUNTING POLICIES

This financial statement was prepared by management in accordance with generally accepted accounting principles in Canada. This statement includes amounts based on best estimates and judgements. Since the plans have no assets, the statement of assets available for benefit service has not been presented.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

3. CAPITALIZATION POLICY

The employee and independent employer contributions for the fiscal year were 6.2% of the pensionable portion of the salary that exceeds the personal exemption under the Act respecting the Québec Pension Plan (R.S.Q., c. R-9), to the maximum pensionable earnings within the meaning of this same Act and 8% of the remaining pensionable earnings.

The employee and independent employer contributions are deposited in the Consolidated Revenue Fund. The Act does not oblige the Government to contribute to these plans. However, it must be able to pay out all benefits when they become payable, by taking amounts from the Consolidated Revenue Fund.

4. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuations conducted on the basis of data of the Government and Public Employees Retirement Plan as at December 31, 1996 and tabled before the retirement committees on October 15, 1998.

The CARRA actuaries established the actuarial value of accrued benefits at $2 180 880 000 as at December 31, 1996 and estimated it at $2 490 464 000 as at December 31, 2000.

4. PENSION OBLIGATIONS (cont'd)

Change in pension obligations

	2000	1999
Actuarial present value of accrued pension benefits – beginning of year	2 406 053	2 322 254
Increase		
Changes to plan	5 446	
Interest	154 299	148 773
Benefits accrued	43 063	46 839
	202 808	195 612
Decrease		
Benefits paid	118 397	111 813
Net increase for the year	84 411	83 799
Actuarial present value of accrued pension benefits – end of year	2 490 464	2 406 053

Significant economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	Valuation for accounting purposes	Valuation for funding purpose
Inflation	4.50 %	2.65 %
Rate of return net of inflation	4.50	4.50
Salary escalation rate net of inflation	1.50	0.45

The medium-term rates represent the average rates for the period 1997 to 2007, while the long-term rates represent the rates used as of 2008.

5. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS

Since the Government has not created a pension fund for this plan, it records, as a liability in the financial statements, an amount established based on the value of benefits promised for which it is responsible, in keeping with generally recognized accounting policies applicable to the public sector in Canada. This amount corresponds to the accumulation of the pension costs and interest over obligations, minus benefits paid. To this amount are added the amounts deposited for the plan in the Consolidated Revenue Fund.

The pension costs for the plan correspond to the sum of the cost of accrued benefits, changes to the plan during the year and the amortization of adjustments for estimates resulting from actuarial gains or losses.

The cost of accrued benefits is evaluated according to the projected benefit method prorated on service and the most probable assumptions determined by the Government.

5. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (cont'd)

Change in the liability recorded in the Government's financial statements

	2000	1999
Liability recorded in the Government's financial statements as at March 31 of the previous fiscal year	2 237 930	2 176 111
Increase		
Contributions recovered	16 299	14 154
Pension costs		
Current service	27 238	26 608
Past service	736	736
Interest	142 715	125 805
	186 988	167 303
Decrease		
Benefits and administrative expenses paid by the Gouvernement du Québec	113 056	105 484
Net increase for the year	73 932	61 819
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	2 311 862	2 237 930
Estimated liability recorded as at December 31	2 369 637	2 290 763

The Financial Administration Act (R.S.Q., c. A-6) authorizes the Minister of Finance to create a sinking fund with the Caisse de dépôt et placement du Québec to provide for payment of part or all Government retirement plan benefits. The Government may invest amounts in this fund to a maximum of the amount recorded as a liability in its financial statements under retirement plans, before deduction of the balance of this fund ($44 377 billion as at March 31, 2000). At December 31, 2000, the fair value of the funds entrusted to the Caisse de dépôt et placement du Québec for this purpose was $6 992 billion, $2 454 billion of which are slated for the Government and Public Employees Retirement Plan (RREGOP).

6. CONTINGENCIES

A contributor filed a grievance in respect of the average pensionable salary used by the Commission to calculate the amount of pension benefits. The Commission is unable to determine the chances of the contributor's winning the case and, if so, the attendant financial impacts.

7. COMPARATIVE FIGURES

Certain 1999 figures were reclassified for consistency with the presentation adopted in 2000.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SUPERANNUATION PLAN FOR THE MEMBERS OF THE SÛRETÉ DU QUÉBEC

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE SUPERANNUATION PLAN FOR THE MEMBERS OF THE SÛRÉTÉ DU QUÉBEC

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1996 in order to determine the value of the obligations to be recorded in the plan's financial statement. This valuation reveals that, at that date, pension obligations for this plan amounted to $2 180 880 000.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

I have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 19, 1999

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of contributions and benefits of the Superannuation Plan for the Members of the Sûreté du Québec for the year ended December 31, 2000. This financial statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards du Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the contributions and benefits of this plan as for the year ended December 31, 2000, in accordance with generally accepted accounting principles du Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, March 28, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
PENSION PLAN FOR PEACE OFFICERS IN CORRECTIONAL SERVICES
(R.S.Q., c. R-9.2)
CONTRIBUTIONS AND BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
CONTRIBUTIONS		
Employee contributions, including contributions for past service	7 074	7 112
AMOUNTS DEPOSITED IN THE CONSOLIDATED REVENUE FUND	7 074	7 112
BENEFITS		
Benefits paid		
Pensions	19 862	17 525
Contribution refunds and transfers, including interest	1 888	1 043
Administrative expenses	250	342
AMOUNTS FROM THE GOUVERNEMENT DU QUÉBEC TO PAY BENEFITS AND ADMINISTRATIVE EXPENSES	22 000	18 910

GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN (Note 4)
PENSION OBLIGATIONS (Note 5)

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

1. DESCRIPTION OF THE PLAN

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult the Act respecting the Pension Plan for Peace Officers in Correctional Services (R.S.Q., c. R-9.2).

a) General information

The Pension Plan for Peace Officers in Correctional Services is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to members of the Syndicat des agents de la paix en services correctionnels du Québec, to intermediate officers represented by the Fraternité des cadres intermédiaires des agents de la paix de la fonction publique or the Association des administrateurs des établissements de détention du Québec and to certain categories of employees at the Institut Pinel.

b) Funding

Benefits are funded in the following proportions: contributors - 54% and Government - 46%.

The plan's administrative expenses are assumed in their entirety by the Government.

c) Retirement benefits

Contributors are entitled to benefits without any actuarial reduction at the age of 65 if they have 32 years' pensionable service, at age 50 if they have 30 years' pensionable service, or at age 60 if their age and years of pensionable service total 90.

They are entitled to an actuarially reduced pension if they have 25 years' pensionable service and are 60 years of age.

The pension is calculated by multiplying the average pensionable salary for the five best paid years by 2% per year of service credited after December 31, 1991, plus, until age 65, an amount equal to 0.1875% per year of service. For the years of service credited prior to December 31, 1991, the annual acquisition rate is 2.1875%. The pension is reduced beginning at the age of 65 in order to coordinate it with that of the Québec Pension Plan.

d) Disability pensions

The Pension Plan for Peace Officers in Correctional Services provides for payment of a disability pension to an employee who has been disabled. The pension is calculated as a regular pension according to the number of years of pensionable service credited to the plan.

e) Death benefits

In the event of death, be it that of a contributor or a pensioner, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received, or to 60% if the deceased had chosen to receive a pension reduced by 2%. The plan makes provision so that each dependent child is eligible to receive a pension equal to 10% of this pension if a pension is paid to the spouse, or to 20% of the pension if no pension is paid to the spouse. In the first case, the total pension awarded to all dependent children must not exceed 40% of the pension the deceased was receiving or would have received, while in the second case, it must not exceed 80% of this pension.

If a contributor dies before being eligible to receive a pension, contributions, plus interest, are refunded to the spouse or, failing that, to the assigns.

f) Severance benefits

Persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to the refund of contributions, plus interest, if they have fewer than 10 years' pensionable service; otherwise, they are entitled to a deferred indexed pension at the age of 65.

1. DESCRIPTION OF THE PLAN (cont'd)

g) Indexation of benefits

Pension benefits under this plan are partially indexed to the cost of living increase.

2. ACCOUNTING POLICIES

This financial statement was prepared by management in accordance with generally accepted accounting principles in Canada. This statement includes amounts based on best estimates and judgements. Since the plan has no assets, the statement of assets available for benefit service has not been presented.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

3. CAPITALIZATION POLICY

In keeping with section 126 of the Act respecting the Pension Plan of Peace Officers in Correctional Services, CARRA actuaries must conduct an actuarial valuation of the plan every three years. The goal of this valuation is to determine the employee contribution rate based on the benefits to be paid out and the value of the fund they would have set up had they capitalized their share. This valuation is based on assumptions established by CARRA actuaries and on the attained-age actuarial cost method, free of assets.

The employee contribution for the fiscal year is 7.85% of pensionable earnings to the maximum pensionable earnings within the meaning of the Act respecting the Québec Pension Plan (R.S.Q., c. R-9), and 9.65% of the remaining pensionable earnings. This contribution rate was established based on the actuarial valuation conducted using data as at December 31, 1990 and agreements between the parties since its publication. Furthermore, in April 2000, the actuaries tabled an actuarial valuation conducted using data as at December 31, 1997, thereby updating the previous valuation. Based on this valuation, contributors might no longer have to contribute to the plan.

Employee contributions are deposited in the Consolidated Revenue Fund. The Act does not oblige the Government to contribute to a pension fund. However, the Government's commitments to fund regular service are presented in Note 4. They are calculated as the fund the parties would have created, had their contributions, established according to the above-mentioned actuarial valuation, been deposited in a pension fund.

The amounts required to pay all benefits are taken from the Consolidated Revenue Fund when they become payable.

4. GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN

Since the Government has not created a pension fund for this shared-cost plan and because the employee contributions are deposited in the Consolidated Revenue Fund, it records, as a liability in the financial statements, the following amounts:

- the value of the fund that the contributors would have set up had their contributions been deposited in a pension fund that generates the same rates of return as the unionizable employees fund of the Pension Plan for Peace Officers in Correctional Services entrusted to the Caisse de dépôt et placement du Québec, and

- an amount established based on the value of benefits promised for which it is responsible, i.e. 46% of total benefits, in keeping with generally recognized accounting policies applicable to the public sector in Canada. This amount corresponds to the accumulation of the pension costs and interest over obligations, minus benefits paid. The pension cost is evaluated according to the projected benefit method prorated on service and the most probable assumptions determined by the Government.

4. GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN (cont'd)

Change in the liability recorded in the Government's financial statements

	2000	1999
Liability recorded in the Government's financial statements as at March 31 of the previous fiscal year	480 276	434 811
Increase		
Contributions recovered	6 904	7 486
Pension costs		
Current service	5 108	5 541
Interest	51 508	49 956
	63 520	62 983
Decrease		
Benefits and administrative expenses paid by the Gouvernement du Québec	19 299	17 518
Net increase for the year	44 221	45 465
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	524 497	480 276
Estimated liability recorded as at December 31	572 576	512 873

The Financial Administration Act (R.S.Q., c. A-6) authorizes the Minister of Finance to create a sinking fund with the Caisse de dépôt et placement du Québec to provide for payment of part or all Government retirement plan benefits. The Government may invest amounts in this fund to a maximum of the amount recorded as a liability in its financial statements under retirement plans, before deduction of the balance of this fund ($44 377 billion as at March 31, 2000). At December 31, 2000, the fair value of the funds entrusted to the Caisse de dépôt et placement du Québec for this purpose was $6 992 billion, $2 454 billion of which are slated for the Government and Public Employees Retirement Plan (RREGOP).

Financing the plan

In keeping with the Act respecting the Government and Public Employees Retirement Plan, CARRA actuaries conduct an actuarial valuation every three years with respect to financing the plan. In this valuation, the actuaries take legislative provisions and collective agreements into account by using the valuation method the parties agree to and determine the employee and employer contribution rates. Consequently, from the beginning of the plan, CARRA has presented the Government's commitments to financing regular service as the fund it would have created, had these contributions, established on the same bases as those used to determine the employee fund, been deposited in a pension fund. However, the Act does not oblige the Government to contribute to the plan. The value of this fund was estimated at $746 096 000 as at December 31, 2000.

4. GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN (cont'd)

Financing the plan (cont'd)

However, in its consolidated financial statements for the year ended as at March 31, 2000, the Government does not recognize having commitments to the plan on the basis of sharing the annual contribution for financing. According to its interpretation of the legislative provisions of the plan, the Government's commitment the plan includes 46% of total benefits determined using accounting policies, in keeping with the recommendations of the Canadian Institute of Chartered Accountants. Consequently, the pre-recorded contribution representing the difference between the fund the parties would have created, paid they capitalized their share and the liability recorded in the Government's financial statements is no longer presented in the notes to the financial statements. However, these notes contain information concerning the various actuarial valuations. The auditor general of Québec issued a restriction in his report, to the effect that the Government does not clearly acknowledge having made commitments to finance the plan, while recognizing that its financial statements correctly present the liability, net debt and surplus for the fiscal year ended March 31, 2000.

Change in the fund the parties would have created

	2000			1999
	Employee portion	Government portion	Total	Total
Opening balance	337 176	287 047	624 223	559 984
Increase				
Employee contributions and other amounts cashed	7 430		7 430	7 098
Gouvernement du Québec contributions		6 269	6 269	6 392
Interest	70 337	59 874	130 211	69 659
	414 943	353 190	768 133	643 133
Decrease				
Payment of benefits to contributors	11 900	9 887	21 787	18 568
Administrative expenses		250	250	342
Closing balance	403 043	343 053	746 096	624 223

5. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuation of the plan conducted under section 126 of the Act on the basis of data as at December 31, 1997.

The CARRA actuaries established the actuarial value of accrued benefits at $369 059 000 at December 31, 1997 and $417 090 000 at December 31, 2000.

5. PENSION OBLIGATIONS (cont'd)

Change in pension obligations

	2000	1999
Actuarial present value of accrued pension benefits - beginning of year	401 340	362 315
Increase		
Changes to the plan		743
Changes in actuarial assumptions		6 598
Actuarial loss		14 823
Interest	25 762	23 628
Benefits accrued	11 738	11 801
	37 500	57 593
Decrease		
Benefits paid	21 750	18 568
Net increase for the year	15 750	39 025
Actuarial present value of accrued pension benefits - end of year	417 090	401 340

Significant economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	Valuation for accounting purposes	Valuation for funding purpose
Inflation	4.50 %	2.70 %
Rate of return net of inflation	4.50	4.50
Salary escalation rate net of inflation	1.50	0.55

The medium-term rates represent the average rates for the period 1998 to 2007, while the long-term rates represent the rates used as of 2008.

Obligations for capitalization purposes

Employee contributions paid into the Consolidated Revenue Fund to finance the benefits for which they are responsible are determined using different actuarial methods and assumptions than those required according to generally accepted accounting principles in Canada for presenting the actuarial obligation in the financial statements.

In fact, since the creation of the plan, the method used by parties of interest to determine employee contribution rates is the overall attained-age actuarial cost method, free of assets. In keeping with this method, employee contributions are adjusted based on the assets created so as to ensure future payment of the portion of the benefits for which they are responsible, both for service up to the date of valuation and service after this date by contributors who were employed on the date of valuation. Consequently, the value of actuarial obligations corresponds to the value of the assets created and there can be no deficit or surplus assets.

For capitalization purposes, the value of actuarial was $746 096 000 at December 31, 2000, which corresponds to the fund the parties would have created.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN FOR PEACE OFFICERS IN CORRECTIONAL SERVICES

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1997 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE PENSION PLAN FOR PEACE OFFICERS IN CORRECTIONAL SERVICES

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1997 in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $369 059 000.

In our opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

We have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

André Simard, FICA, FSA
Actuary

Québec, April 19, 2000

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of contributions and benefits of the Pension Plan of Peace Officers in Correctional Services for the year ended December 31, 2000. This financial statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the contributions and benefits of this plan for the year ended December 31, 2000, in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 9, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
PENSION PLAN FOR FEDERAL EMPLOYEES TRANSFERRED TO EMPLOYMENT WITH THE GOUVERNEMENT DU QUÉBEC
NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 4)	129 997	121 447
Accounts receivables		
Employee contributions	67	102
Amounts receivable for past service	213	268
	280	370
	130 277	121 817
LIABILITIES		
Pensions and administrative expenses payable	1	2
NET ASSETS AVAILABLE FOR BENEFITS (Note 6)	130 276	121 815

GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN (Note 5)

Luc Bessette
Chairman of the Commission

Marc Landry
Acting Director of Participation,
Finance and Administration

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN FOR FEDERAL EMPLOYEES TRANSFERRED TO EMPLOYMENT WITH THE GOUVERNEMENT DU QUÉBEC
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
INCREASE IN ASSETS		
Employee contributions, including contributions for past service	924	912
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 7)	5 452	4 544
Changes in the fair value of funds entrusted to the Caisse de dépôt et placement du Québec (Note 7)	3 957	10 386
	10 333	15 842
Amounts received from the Gouvernement du Québec to pay administrative expenses	26	33
	10 359	15 875
DECREASE IN ASSETS		
Benefits paid		
Pensions	1 542	1 365
Contribution refunds and transfers, including interest	330	277
Administrative expenses	26	34
	1 898	1 676
NET INCREASE FOR THE YEAR	8 461	14 199
NET ASSETS AVAILABLE FOR BENEFITS – BEGINNING OF YEAR	121 815	107 616
NET ASSETS AVAILABLE FOR BENEFITS – END OF YEAR	130 276	121 815

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN FOR FEDERAL EMPLOYEES TRANSFERRED TO EMPLOYMENT WITH
THE GOUVERNEMENT DU QUÉBEC
NOTES TO FINANCIAL STATEMENTS
December 31, 2000
(in thousands of dollars)

1. DESCRIPTION OF THE PLAN

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult orders in council 429-93 and 430-93 of the Gouvernement du Québec.

a) General information

The Pension Plan for Federal Employees Transferred to Employment with the Gouvernement du Québec is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to federal employees transferred to the Gouvernement du Québec to administer programs related to immigration and the goods and services tax. The plan, which was sanctioned by the Gouvernement du Québec by virtue of Order in Council 430-93 of March 31, 1993, came into force on January 1, 1992.

b) Funding

Benefits are funded by the contributors according to the contribution rate established by decree, by the sums transferred from the federal government and by the Government du Québec, which assumes the remaining obligations related to benefits.

Administrative expenses for the plan are assumed by the Government du Québec.

c) Retirement benefits

Contributors are entitled to benefits at age 60 if they have five or more years' pensionable service, or at age 55 if they have 30 or more years' pensionable service. They are entitled to retirement with an actuarial reduction when at age 50 if they have 25 years' service.

The pension is calculated according to the average pensionable salary for the six consecutive best paid years, multiplied by 2% per year of service. The pension is reduced beginning at the age of 65 in order to coordinate it with that of the Québec Pension Plan.

d) Disability pension

The Pension Plan for Peace Officers in Correctional Services provides for payment of a disability pension to an employee who has been disabled. The pension is calculated as a regular pension according to the number of years of pensionable service credited to the plan.

e) Death benefits

Upon the death of a person who had at least five years of service, or who was collecting a pension, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received without counting the reduction resulting from coordination with the Québec Pension Plan. Each dependent child is eligible to receive a pension equal to 10% of this pension if a pension is paid to the spouse, or to 20% of the pension if no pension is paid to the spouse. In the first case, the total pension awarded to all dependent children must not exceed 40% of the pension the deceased was receiving or would have received, while in the second case, it must not exceed 80% of this pension.

If, at the time of death, the contributor had less than five years' service, the spouse, or successors are entitled to reimbursement of the contributions plus interest.

f) Severance benefits

Persons who cease to contribute to the Pension Plan for Federal Employees Transferred to Employment with the Gouvernement du Québec before being eligible to receive an immediate pension are entitled to the refund of contributions, plus interest, if they have fewer than five years' pensionable service. If they have more than five years' pensionable service under this plan, they are entitled to an indexed deferred pension payable at age 60.

g) Indexation of benefits

Pension benefits under this plan are fully indexed to the cost of living increase.

2. ACCOUNTING POLICIES

The financial statements of the Pension Plan with the Gouvernement du Québec were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are recorded at fair value, which is established on the basis of the fair value of units, as determined by the Caisse de dépôt et placement du Québec.

The investments of these individual funds are composed primarily of participating units in individual Caisse de dépôt et placement du Québec portfolios. The net gains on the sale of investments earned by these individual portfolios, which are not distributed to individual funds, are included in the net assets of individual portfolios. These revenues are added to the cost of participation deposits.

3. CAPITALIZATION POLICY

Under the provisions of the plan, the employee contribution for the fiscal year is 5.2% of pensionable earnings, which exceeds the personal exemption under the Act respecting the Québec Pension Plan (R.S.Q., c. R-9) to the maximum pensionable earnings within the meaning of the same Act, and 7.5% of the remaining pensionable earnings. However, when the employee reaches 35 years of service, and becomes eligible for a pension, his/her contribution is 1% of the total wages.

Employee contributions and amounts transferred from the federal government are deposited with the Caisse de dépôt et placement du Québec. Under the decree, the Government du Québec is not obliged to contribute to the plan..

The amounts required to pay all benefits are taken from the funds entrusted to the Caisse de dépôt et placement du Québec. When these funds are empty, they are taken from the Consolidated Revenue Fund.

4. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Participation deposits in the individual fund – at fair value (cost 2000: $136 581; 1999: $111 094)	129 480	119 327
Demand deposits in the General Fund	118	293
Revenue receivable from the individual fund	399	1 827
	129 997	121 447
Cumulated gains realized, but not yet distributed by individual portfolios, included in the cost of participation deposits	26 869	14 178

5. GOVERNMENT COMMITMENTS VIS-À-VIS THE PLAN

Under the provisions of the plan, the Government contribution equals employee contributions for the years preceding the first actuarial valuation. The Government's commitments vis-à-vis the plan correspond to these contributions plus interest calculated using the annual rate of return of the unionizable employees fund of the Government and Public Employees Retirement Plan entrusted to the Caisse de dépôt et placement du Québec. These commitments were estimated at $7 146 000 at December 31, 2000 (1999: $5 927 000).

6. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuation of the Government and Public Employees Retirement Plan conducted on the basis of data as at December 31, 1996 and tabled before the retirement committees on October 15, 1998. The short-term economic assumptions were adjusted to reflect data known at the time the valuation was tabled.

The CARRA actuaries established the actuarial value of accrued benefits at $50 885 346 at December 31, 1997 and $63 017 000 at December 31, 2000.

Change in pension obligations

	2000	1999
Actuarial present value of accrued pension benefits – beginning of year	58 709	51 124
Increase		
Adjustment to contributor data		206
Changes in actuarial assumptions		744
Changes to the plan		161
Actuarial loss		2 388
Interest	3 832	3 408
Benefits accrued	2 348	2 320
	6 180	9 227
Decrease		
Benefits paid	1 872	1 642
Net increase for the year	4 308	7 585
Actuarial present value of accrued pension benefits – end of year	63 017	58 709

Significant economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	Valuation for accounting purposes	Valuation for funding purpose
Inflation	4.50 %	2.70 %
Rate of return net of inflation	4.50	4.50
Salary escalation rate net of inflation	1.50	0.55

The medium-term rates represent the average rates for the period 1998 to 2007, while the long-term rates represent the rates used as of 2008.

7. REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Revenue from participation deposits in individual funds	5 446	4 540
Interest on demand deposits in the General Fund	6	4
	5 452	4 544
Change in fair value		
Gains realized on the sale of investments	6 715	2 661
Gains realized but not yet distributed by individual portfolios	12 576	4 063
Unrealized (losses) gains	(15 334)	3 662
	3 957	10 386

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1997 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE PENSION PLAN FOR FEDERAL EMPLOYEES TRANSFERRED TO EMPLOYMENT WITH THE GOUVERNEMENT DU QUÉBEC

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1997, in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $50 885 346.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

I have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 12, 2000

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
PENSION PLAN FOR FEDERAL EMPLOYEES TRANSFERRED TO EMPLOYMENT WITH THE GOUVERNEMENT DU QUÉBEC

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of net assets available for benefits of the Pension Plan for Federal Employees Transferred to Employment with the Gouvernement du Québec as at December 31, 2000, and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Commission' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of this plan as at December 31, 2000, and the changes in this position for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 17, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
SUPPLEMENTARY BENEFITS PLANS

STATEMENT OF CONTRIBUTIONS AND BENEFITS
for the year ended December 31, 2000

	2000	1999
CONTRIBUTIONS		
Contributions of independent employers deposited to the Consolidated Revenue Fund		
Judges of the Court of Québec	$130 524	$95 274
BENEFITS		
Benefits paid		
Pensions		
Senior officials	$374 658	$317 174
Members of the National Assembly	1 267 774	1 035 515
Judges of the Court of Québec	631 574	470 275
AMOUNTS FROM THE GOUVERNEMENT DU QUÉBEC FOR PAYING BENEFITS	$2 274 006	$1 822 964

PENSION OBLIGATIONS (Note 4)

LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS (Note 5)

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

1. DESCRIPTION OF THE PLANS

The following description is given as a matter of information. To obtain more complete information concerning the supplementary benefits plans, please consult orders in council 461-92, 722-2000 and 1471-2000 regarding employee categories and the determination of supplementary benefits under section 220.1 of the Government and Public Employees Retirement Plan as pertains to senior officials, the regulation respecting the supplementary benefits plan for Members of the National Assembly, and orders in council 326-93 and 793-93 in respect of the supplementary benefits plan for judges of the Court of Québec. These plans provide supplementary benefits to persons covered by the following plans:

- Government and Public Employees Retirement Plan;
- Pension Plan of the Members of the National Assembly;
- Pension Plan of the Judges of the Court of Québec.

a) General information

The supplementary benefits plan for senior officials (SBPSO), the supplementary benefits plan for Members of the National Assembly (SBPMNA) and the supplementary benefits plan for judges of the Court of Québec (SBPJCQ) are administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). They are defined benefit pension plans enacted on April 1, 1992, December 8, 1992, and March 17, 1993, respectively, but in force since January 1, 1992.

b) Funding

The benefits paid under these plans are funded by the Government in their entirety.

c) Retirement benefits

Contributors are entitled to benefits beginning the same date they become entitled to receive a pension under their basic pension plan.

For the SBPSO, the supplementary benefit corresponds to the sum of the following:

- The difference between the pension calculated according to the pension plan for senior officials (PPSO) on the basis of the average eligible salary subject to fiscal limits and that calculated according to the SBPSO on the basis of the average total salary. The annual pension acquisition rates under the SBPSO are the same as under the PPSO, i.e. 1.6% per year of service credited between January 1, 1992 and December 31, 1996 and 1.7% per year of service credited after this date.
- Where applicable, the increase in the pension under the SBPSO that corresponds to the average total salary multiplied by an additional annual acquisition rate. This rate varies as follows depending on the year of service credited:
  - 9.9% for years of service after 1991 but before 1997;
  - 0.8% for years of service after 1996 but before 2000;
  - 1.0% for years of services after 1999;
- For years of service after January 1, 2000, the increase in the linking pension payable until age 65 under the basic plan, calculated so that this linking pension represents 0.3% per year of service multiplied by the average total salary.

SBPMNA are equal to the sum of the annually calculated amounts corresponding to the excess of 4% of total annual benefits over the pension credit calculated according to the basic plan. These benefits are indexed to the cost of living increase until the contributor retires.

SBPJCQ are equal to the excess of the amount obtained by multiplying total average pensionable earnings for the three best paid years by 2.8% per year of service over the pension calculated according to the basic pension plan.

---

1. DESCRIPTION OF THE PLANS (cont'd)

d) Death benefits

In the event of death of a member of the SBPSO or the SBPMNA, the surviving spouse is entitled to a pension equal to 60% of the pension the deceased was receiving or would have received.

However, the surviving spouse of a Member of the National Assembly will receive 50% or 100% of this pension if, prior to January 1, 1992, the Member chose either of these options under the basic pension plan.

In the event of death of a member of the SBPJCQ, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received, or to 60% or 66 2/3% if that person had chosen a reduced pension.

In the case of the SBPSO, if a contributor with two or more years' pensionable service dies before being eligible to receive a pension, the spouse or assigns is or are entitled to receive the actuarial value of the benefits.

The SBPMNA and the SBPJCQ provide for the payment of benefits to dependent children according to the same terms as under the basic pension plans.

e) Severance benefits

Contributors who cease to be covered by the SBPSO before they turn 50 are entitled to a deferred pension, payable from the date they would have been eligible to receive a pension without any actuarial reduction.

Contributors who cease to be covered by the SBPJCQ are entitled to a deferred pension, payable at the age of 65, if they have more than two years' pensionable service.

f) Indexation of benefits

Pension benefits under these plans are partially indexed to the cost of living increase.

2. ACCOUNTING POLICIES

This financial statement was prepared by management in accordance with generally accepted accounting principles in Canada. It includes amounts based on best estimates and judgements. Since the plans have no assets, the statement of net assets available for benefit service has not been presented .

Employer contributions

Adjustments to employer contributions are recorded when the amounts are determined.

3. CAPITALIZATION POLICY

These benefit plans are non-contributory. For municipal court judges, the municipalities contribute an amount corresponding to 13.08% of their payroll to the plan. These contributions are deposited in the Consolidated Revenue Fund. The Act does not oblige the Government to contribute to these plans. However, it must be able to pay out all benefits when they become payable, by taking amounts from the Consolidated Revenue Fund.

4. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator.

For the SBPSO valuation, performed in April 1999, the assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuations of the Government and Public Employees Retirement Plan conducted on the basis of data as at December 31, 1996 and tabled before the retirement committees on October 15, 1998.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SUPPLEMENTARY BENEFITS PLANS

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000

---

4. PENSION OBLIGATIONS (cont'd)

For the SBPMNA and SBPJCQ valuations, performed in April 1998, the assumptions chosen by CARRA are the same as those adopted by the Government in 1995 in the context of the preparation of its financial statements for the purpose of recording its pension costs.

For all of the plans contemplated in this financial statement, the CARRA actuaries established the actuarial value of accrued benefits at $47 106 587 at December 31, 1996 and $90 012 379 at December 31, 2000.

Change in pension obligations

	2000	1999
Actuarial present value of accrued pension benefits – beginning of year	$74 974 352	$64 718 957
Increase		
Changes to SBPSO	92 344	
Interest	6 105 569	5 238 318
Benefits accrued	11 204 120	6 840 041
	17 402 033	12 078 359
Decrease		
Benefits paid	2 274 006	1 822 964
Net increase for the year	15 128 027	10 255 395
Actuarial present value of accrued pension benefits – end of year	$90 102 379	$74 974 352
Comprised of		
Supplementary benefits plan for Senior officials	$15 695 708	$10 384 257
Supplementary benefits plan for Members of the National Assembly	38 472 569	34 672 729
Supplementary benefits plan for Judged of the Court of Québec	35 934 102	29 917 366
	$90 102 379	$74 974 352

Significant long-term economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	SBPSO	SBPMNA and SBPJCQ
Inflation rate	4.50 %	3.00 %
Nominal rate of return net of inflation	4.50	4.30
Salary escalation rate net of inflation	1.50	1.25 *

* No assumption relating to the salary escalation rate was used in the case of the SBPMNA.

5. LIABILITY RECORDED IN THE GOVERNMENT'S FINANCIAL STATEMENTS

Since the Government has not created a pension fund for this plan, it records, as a liability in the financial statements, an amount established based on the value of benefits promised for which it is responsible, in keeping with generally recognized accounting policies in Canada applicable to the public sector. The amount recorded corresponds to the accumulation of the pension costs and interest over obligations, minus benefits paid. Sums deposited in the Consolidated Revenue Fund for the RPSJCQ are added to this amount.

The pension costs for the plan correspond to the sum of the cost of accrued benefits, changes to the plan during the year and the amortization of adjustments for estimates resulting from actuarial gains or losses.

The cost of accrued benefits is evaluated according to the projected benefit method prorated on service and the most probable assumptions determined by the Government.

Change in the liability recorded in the Government's financial statements

	2000	1999
Liability recorded in the Government's financial statements as at March 31 of the previous fiscal year	$62 521 059	$53 344 518
Increase		
Contributions recovered	97 230	162 699
Pension costs		
Current service	6 806 078	6 295 648
Past service	45 000	45 000
Interest	5 233 000	4 367 000
	12 181 308	10 870 347
Decrease		
Benefits paid by the Gouvernement du Québec	1 957 327	1 693 806
Net increase	10 223 981	9 176 541
Liability recorded in the Government's financial statements as at March 31 of the current fiscal year	$72 745 040	$62 521 059
Estimated liability recorded as at December 31	$81 734 980	$69 965 612

The Financial Administration Act (R.S.Q., c. A-6) authorizes the Minister of Finance to create a sinking fund with the Caisse de dépôt et placement du Québec to provide for payment of part or all Government retirement plan benefits. The Government may invest amounts in this fund to a maximum of the amount recorded as a liability in its financial statements under retirement plans, before deduction of the balance of this fund ($44 377 billion as at March 31, 2000). At December 31, 2000, the fair value of the funds entrusted to the Caisse de dépôt et placement du Québec for this purpose was $6 992 billion, $2 454 billion of which are slated for the Government and Public Employees Retirement Plan (RREGOP).

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SUPPLEMENTARY BENEFITS PLANS

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996, AND AS DETERMINED FOR THE PURPOSES OF THE FINANCIAL STATEMENTS OF THE SUPPLEMENTARY BENEFITS PLAN OFFERED TO SENIOR OFFICIALS

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1996 in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $6 343 107. These values take the voluntary departure programs of 1997 into account.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

I have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 19, 1999

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1996 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE SUPPLEMENTARY BENEFITS PLAN OFFERED TO MEMBERS OF THE NATIONAL ASSEMBLY AND TO JUDGES OF THE COURT OF QUÉBEC

The Commission's actuaries carried out an actuarial valuation of these plans according to the contributors' profile as at December 31, 1996 in order to determine the value of the obligations to be recorded in the plans' financial statements. The actuarial assumption used correspond to those adopted by the Government in 1995 to prepare its financial statements. This valuation reveals that, at that date, pension obligations for these plans amounted to $40 763 480.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

I have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 19, 1999

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SUPPLEMENTARY BENEFITS PLANS

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of contributions and benefits of the supplementary benefits plans mentioned in Note 1 for the year ended December 31, 2000. This financial statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this financial statement based on my audit.

Apart from what is disclosed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As disclosed in Note 4, the amount of obligations related to the supplementary benefit plan benefits of members of the National Assembly and judges of the Court of Québec, which are evaluated respectively at $38 472 569 and $35 934 102 as at December 31, 2000, resulting from the projection of the actuarial value of the benefits accrued as at December 31, 1996. In the absence of more recent actuarial evaluations than those of December 31, 1996, I was unable to determine whether adjustments should have been made to the amount of the obligations related to the benefits as at December 31, 2000.

In my opinion, with the exception of the effect of potential adjustments that might be necessary if the obligations related to benefits as at December 31, 2000 had been projected according to a more recent actuarial valuation as indicated in the preceding paragraph, this financial statement presents fairly, in all material respects, the contributions and benefits of these plans for the year ended December 31, 2000, in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 27, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
PENSION PLAN OF ELECTED MUNICIPAL OFFICERS
(R.S.Q., c. R-9.3)
NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments		
Fund entrusted to the Caisse de dépôt et placement du Québec (Note 4)	194 825	181 010
Accounts receivable		
Employee contributions	71	86
Employer contributions	242	284
Amounts receivable from beneficiaries	1	1
	314	371
Cash on hand	102	51
	195 241	181 432
LIABILITIES		
Contribution refunds and pensions payable	89	186
Administrative expenses payable	103	111
	192	297
NET ASSETS AVAILABLE FOR BENEFITS (Note 5)	195 049	181 135

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN OF ELECTED MUNICIPAL OFFICERS

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
INCREASE IN ASSETS		
Employee contributions, including contributions for past service	1 172	1 211
Employer contributions, including contributions for past service	4 100	3 885
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)	8 019	6 493
Changes in the fair value of funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)	5 087	19 035
Other interest revenue	5	5
	18 383	30 629
DECREASE IN ASSETS		
Benefits paid		
Pensions	4 228	4 220
Contribution refunds and transfers, including interest	147	197
Administrative expenses	94	101
	4 469	4 518
NET INCREASE FOR THE YEAR	13 914	26 111
NET ASSETS AVAILABLE FOR BENEFITS – BEGINNING OF YEAR	181 135	155 024
NET ASSETS AVAILABLE FOR BENEFITS – END OF YEAR	195 049	181 135

1. DESCRIPTION OF THE PLAN

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult the Act respecting the Pension Plan of Elected Municipal Officers (R.S.Q., c. R-9.3).

a) General information

The Pension Plan of Elected Municipal Officers is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to members of a municipal council that passes a by-law to join the plan.

b) Funding

Benefits are funded by the contributors and the municipalities according to the contribution rates stipulated in the Act and the related regulations.

The amounts needed to cover the administrative expenses for the fiscal year, paid by CARRA, are taken from the interim employer contribution.

c) Retirement benefits

Contributors are entitled to benefits without any actuarial reduction at the age of 69 or, if they are no longer members of a municipal council and have at least two years' pensionable service, at the age of 60.

Contributors are entitled to an actuarially reduced pension at the age of 50.

For each year of service prior to January 1, 1992, contributors are entitled to a pension credit equal to 3.5% of the pensionable salary less 0.7% of the maximum admissible earnings under the Act respecting the Québec Pension Plan and, for each year of service subsequent to December 31, 1991, to a pension credit equal to 2% of the pensionable service. This pension credit is fully indexed to the increase in the cost of living every year until the contributor retires.

d) Death benefits

At the time of death of a pension recipient or contributor, the spouse or successors are entitled, as the case may be, to either the surviving spouse's pension or reimbursement of the actuarial valuation of the pension or reimbursement of the contribution plus interest.

e) Severance benefits

A person who ceases contributing to the plan is entitled, according to the number of service years credited, to either reimbursement of this/her contribution plus interest or a deferred pension.

f) Indexation of Benefits

Pension benefits under this plan are partially indexed to the cost of living increase.

2. ACCOUNTING POLICIES

The financial statements of the plan were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

2. ACCOUNTING POLICIES (cont'd)

Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are recorded at fair value, which is established on the basis of the fair value of units, as determined by the Caisse de dépôt et placement du Québec.

The investments of these individual funds are composed primarily of participating units in individual Caisse de dépôt et placement du Québec portfolios. The net gains on the sale of investments earned by these individual portfolios, which are not distributed to individual funds, are included in the net assets of individual portfolios. These revenues are added to the cost of participation deposits.

3. CAPITALIZATION POLICY

The employee contribution is 4.75% of pensionable earnings.

The municipality, its agency or the supramunicipal agency pays a provisional contribution calculated using a factor determined by a Gouvernement du Québec regulation. For fiscal 2000, the factor used to establish this provisional contribution was 3.37 times the employee contribution.

Employee and employer contributions are deposited in the Caisse de dépôt et placement du Québec.

4. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Participation deposits in the individual fund – at fair value (cost 2000: 206 424; 1999: 159 933)	193 175	177 937
Demand deposits in the General Fund	287	251
Revenue receivable from individual fund	1 363	2 822
	194 825	181 010
Cumulated gains realized, but not yet distributed by individual portfolios, included in the cost of participation deposits	46 586	24 716

5. PENSION OBLIGATIONS

In keeping with generally accepted accounting principles in Canada, pension obligations must be determined according to the projected benefit method prorated on service and the most probable assumptions in the opinion of the plan administrator. However, since contributors' average career is relatively short and accrued benefits are determined based on wages earned, the accumulated benefit method was used.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuation of the Government and Public Employees Retirement Plan conducted on the basis of data as at December 31, 1996 and tabled before the retirement committees on October 15, 1998. The short-term economic assumptions were adjusted to reflect data known at the time the valuation was tabled.

The CARRA actuaries established the actuarial value of accrued benefits at $80 525 628 at December 31, 1997 and $95 207 000 at December 31, 2000.

5. PENSION OBLIGATIONS (cont'd)

Changes in pension obligations

	2000	1999
Actuarial present value of accrued pension benefits - beginning of year	89 840	108 213
Increase		
Adjustments to contributor data		47
Changes to plan		114
Interest	5 825	5 256
Benefits accrued	3 917	4 050
	9 742	9 467
Decrease		
Actuarial gain		8 956
Changes in actuarial assumptions		14 467
Benefits paid	4 375	4 417
	4 375	27 840
Net increase (decrease) for the year	5 367	(18 373)
Actuarial present value of accrued pension benefits - end of year	95 207	89 840

Significant economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were:

	Valuation for accounting purposes	Valuation for funding purpose
Inflation	4.50 %	2.70 %
Rate of return net of inflation	4.50	4.50
Salary escalation	4.50	2.70

The medium-term rates represent the average rates for the period 1998 to 2007, while the long-term rates represent the rates used as of 2008.

6. REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Revenue form participation deposits in individual funds	8 010	6 484
Interest on demand deposits in the General Fund	9	9
	8 019	6 493

6. REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (cont'd)

	2000	1999
Change in fair value		
Gains realized on the sale of investments	14 537	3 760
Gains realized but not yet distributed		
By individual portfolios	21 803	7 464
Unrealized (losses) gains	(31 253)	7 811
	5 087	19 035

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1997 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE PENSION PLAN OF ELECTED MUNICIPAL OFFICERS

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1997 in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $80 525 628.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

I have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 30, 2000

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN OF ELECTED MUNICIPAL OFFICERS

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of net assets available for benefits of the Pension Plan of Elected Municipal Officers as at December 31, 2000, and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of this plan as at December 31, 2000, and the changes in this position for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 9, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

(R.S.Q., c. R-10)

RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

(R.S.Q., c. R-16)

NET ASSETS AVAILABLE FOR BENEFITS

as at December 31, 2000

	2000	1999
ASSETS		
Investments		
Fund entrusted to the Caisse de dépôt et placement du Québec (Note 3)	$14 807 179	$14 821 076
Cash on hand	47	113
	14 807 226	14 821 189
LIABILITIES		
Pensions payable	8 757	245
NET ASSETS AVAILABLE POUR FOR BENEFITS (Note 4)	$14 798 469	$14 820 944

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000

	2000	1999
INCREASE IN ASSETS		
Revenue from funds entrusted to the Caisse de dépôts et placement du Québec (Note 5)	$676 429	$659 799
Changes in the fair value of funds entrusted to the Caisse de dépôt et placement du Québec (Note 5)	354 940	1 450 147
Other interest revenue	254	259
	1 031 623	2 110 205
DECREASE IN ASSETS		
Benefits paid		
Pensions	1 013 651	1 043 351
Contribution refunds and transfers, including interest	40 447	44 427
	1 054 098	1 087 778
NET (DECREASE) INCREASE FOR THE YEAR	(22 475)	1 022 427
NET ASSETS AVAILABLE FOR BENEFITS – BEGINNING OF YEAR	14 820 944	13 798 517
NET ASSETS AVAILABLE FOR BENEFITS – END OF YEAR	$14 798 469	$14 820 944

---

1. DESCRIPTION OF THE PLAN

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult the Act respecting retirement plans for the mayors and councillors of municipalities (R.S.Q., c. R-16).

a) General information

The Retirement Plan for the Mayors and Councillors of Municipalities is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to members of a municipal council that passes a by-law to join the plan.

The right to participate in the Retirement Plan for the Mayors and Councillors of Municipalities was abolished with the coming into force of the Pension Plan of Elected Municipal Officers (R.S.Q., c. R-9.3) on January 1, 1989.

b) Funding

Benefits are paid from the pension fund created for the plan. When there are no more beneficiaries, there are likely to be surpluses our deficits. Since the Act governing the plan does not specify to whom the surpluses at the end of the plan belong or, in the opposite case, who will assume payment of the benefits until they expire, the parties concerned (government, employers and contributors) will eventually have to rule on this matter.

Expenses related to the administration of this plan are assumed by the Gouvernement du Québec.

c) Retirement benefits

Contributors were entitled to benefits if they had accumulated at least eight years' pensionable service. The pension is calculated on the basis of the amount of employee and employer contributions, plus interest, which have accumulated in the contributor's account. This pension is payable at age 60 and is not indexed to the cost of living increase.

d) Death benefits

Upon the death of a person who had been receiving a pension for fewer than 15 years, the surviving spouse or assigns is or are entitled to receive the pension until the 15-year period expires or, on request, an amount equal to the pension's present value.

2. ACCOUNTING POLICIES

The financial statements of the plan were prepared by management in accordance with generally accepted accounting principles du Canada. These statements include amounts based on best estimates and judgements.

Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are recorded at fair value, which is established on the basis of the fair value of units, as determined by the Caisse de dépôt et placement du Québec.

The investments of these individual funds are composed primarily of participating units in individual Caisse de dépôt et placement du Québec portfolios. The net gains on the sale of investments earned by these individual portfolios, which are not distributed to individual funds, are included in the net assets of individual portfolios. These revenues are added to the cost of participation deposits.

3. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Participation deposits in the individual fund – at fair value (cost 2000: $15 7172370; 1999: $13 111 930)	$14 703 118	$14 587 786
Revenue receivable from the individual fund	104 061	233 290
	$14 807 179	$14 821 076
Cumulated gains realized, but not yet distributed by individual portfolios, included in the cost of participation deposits	$3 758 661	$2 092 906

4. PENSION OBLIGATIONS

Pension obligations were determined according to generally accepted accounting principles in Canada. For contributors not receiving benefits, the obligations correspond to the sums accumulated by each at the valuation date. For beneficiaries, they are determined according to the accrued benefit method and the most probable assumptions in the opinion of the plan administrator.

The assumptions chosen by CARRA are those deemed most probable by its actuaries in the context of the actuarial valuation for the Government and Public Employees Retirement Plan conducted on the basis of data as at December 31, 1996 and tabled before the retirement committees on October 15, 1998. The assumption required concern retiree mortality and asset returns. The average rate of return on assets for the period 1998 to 2007 is 7.2% and after 2008, 9%.

The CARRA actuaries established the actuarial value of accrued benefits at $12 054 849 at December 31, 1997 and $10 819 073 at December 31, 2000.

Changes in pension obligations

	2000	1999
Actuarial present value of accrued pension benefits - beginning of year	$11 180 685	$11 289 839
Increase		
Adjustments to contributor data		24 939
Changes tin actuarial assumptions		100 140
Actuarial loss		169 060
Interest	692 486	684 485
	692 486	978 624
Decrease		
Benefits paid	1 054 098	1 087 778
Net decrease for the year	361 612	109 154
Actuarial present value of accrued pension benefits - end of year	$10 819 073	$11 180 685

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000

---

5. REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Net investment income from individual funds	$676 429	$659 799
Change in fair value		
Gains realized on the sale of investments	$1 106 864	$308 316
Gains realized but not yet distributed by individual portfolios	1 732 491	575 734
Unrealized (losses) gains	(2 484 415)	566 097
	$354 940	$1 450 147

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1997 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1997 in order to determine the value of the obligations to be recorded in the plan's financial statements. This valuation reveals that, at that date, pension obligations for this plan amounted to $12 054 849.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial assumptions used in this valuation are appropriate and reasonable in the current context;
- the results of this valuation were arrived at in keeping with the requirements of Section 4100 of the CICA (Canadian Institute of Chartered Accounts) Handbook.

I have reproduced this valuation and express this opinion in keeping with accepted actuarial practice.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 12, 2000

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of net assets available for benefits of the Retirement Plan for the Mayors and Councillors of Municipalities as at December 31, 2000, and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of this plan as at December 31, 2000, and the changes in this position for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 9, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
RETIREMENT PLAN FOR ACTIVE MEMBERS OF THE CENTRE HOSPITALIER CÔTE-DES-NEIGES

NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000

	2000	1999
ASSETS		
Investments		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 4)	$65 086 788	$66 329 017
Accounts receivable		
Employee contributions	10 674	14 112
Employer contributions	597	5 592
	11 271	19 704
Cash on hand	425	312
	65 098 484	66 349 033
LIABILITIES		
Transfers payable		3 470 563
Excess employee contributions to be refunded	4 238	4 283
	4 238	3 474 846
NET ASSETS AVAILABLE FOR BENEFITS (Note 5)	$65 094 246	$62 874 187

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR ACTIVE MEMBERS OF THE CENTRE HOSPITALIER CÔTE-DES-NEIGES

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000

	2000	1999
INCREASE IN ASSETS		
Employee contributions, including contributions for past service	$49 504	$59 725
Employer contributions, including contributions for past service	36 720	49 723
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)	3 752 719	2 685 093
Changes in the fair value of funds entrusted to the à la Caisse de dépôt et placement du Québec (Note 6)	1 346 902	5 545 310
Other revenue interest	991	882
	5 186 836	8 340 733
DECREASE IN ASSETS		
Benefits paid		
Pensions	2 000 681	1 930 078
Transfers, including interest	952 423	399 408
Contribution refunds, including interest	13 673	544
	2 966 777	2 330 030
NET INCREASE FOR THE YEAR	2 220 059	6 010 703
NET ASSETS AVAILABLE FOR BENEFITS – BEGINNING OF YEAR	62 874 187	56 863 484
NET ASSETS AVAILABLE FOR BENEFITS – END OF YEAR	$65 094 246	$62 874 187

1. DESCRIPTION OF THE PLAN

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult orders in council 2497-81 and 397-78 of the Gouvernement du Québec.

a) General information

The Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to active employees of the Centre hospitalier Côte-des-Neiges and certain other hospital centres.

b) Funding

Benefits are funded by contributors according to the contribution rates set by decree, order-in-council and hospital centres, which assume the remainder of the pension benefit obligations.

Expenses related to the administration of this plan are assumed by the Gouvernement du Québec.

c) Retirement benefits

Contributors are entitled to benefits without any actuarial reduction at the age of 60 or, if they have 30 years' pensionable service, at the age of 55.

Contributors are entitled to an actuarially reduced pension at age 50 if they have five years' pensionable service.

The pension is calculated by multiplying the average pensionable salary for the six consecutive best paid years by 2% per year of service (maximum 35 years' service). The pension is reduced beginning at the age of 65 in order to coordinate it with that of the Québec Pension Plan.

d) Disability pension

The Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges provides for payment of a disability pension to an employee who has been disabled. Under certain conditions, the person can choose to receive a pension, a termination allowance or a refund of contributions, plus interest.

e) Death benefits

Upon the death of a contributor or pensioner, the surviving spouse is entitled to a pension equal to 50% of the pension the deceased was receiving or would have received. Each dependent child is eligible to receive a pension equal to 10% of this pension if a pension is paid to the spouse, or to 20% of the pension if no pension is paid to the spouse. In the first case, the total pension awarded to all dependent children must not exceed 40% of the pension the deceased was receiving or would have received, while in the second case, it must not exceed 80% of this pension.

f) Severance benefits

Persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to a deferred pension at age 60 if they have at least 10 years' pensionable service and are aged 45 or over; otherwise, they can choose between a deferred pension or the refund of contributions.

g) Indexation of benefits

Pension benefits under this plan are fully indexed to the cost of living increase.

---

2. ACCOUNTING POLICIES

The financial statements of the plan were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are recorded at fair value, which is established on the basis of the fair value of units, as determined by the Caisse de dépôt et placement du Québec.

The investments of these individual funds are composed primarily of participating units in individual Caisse de dépôt et placement du Québec portfolios. The net gains on the sale of investments earned by these individual portfolios, which are not distributed to individual funds, are included in the net assets of individual portfolios. These revenues are added to the cost of participation deposits.

3. CAPITALIZATION POLICY

The employee contribution is 7.6% of the pensionable wages less the contributions paid under the Act respecting the Québec Pension Plan (R.S.Q., c. R-9). The hospital centre contribution for current service corresponds to 81% of the employee contribution.

Employee and employer contributions are deposited in the Caisse de dépôt et placement du Québec.

Net assets available for benefit service is more than sufficient to cover all future plan benefits. The parties concerned will have to examine the plan's funding, given the surplus assets. This amount was established at $13.9 million by the Commission's actuaries at December 31, 1994, for the last actuarial valuation designed to determine employee and employer contributions, among other things.

4. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Participation deposits in the individual fund – at fair value (cost: 2000: $68 431 333; 1999: $60 819 960)	$64 876 779	$65 326 572
Demand deposits in the General Fund	9 611	
Revenue receivable from the individual fund	200 398	1 002 445
	$65 086 788	$66 329 017
Cumulated gains realized, but not yet distributed by the individual portfolios, included in the cost of participation deposits	$13 754 724	$7 817 435

5. PENSION OBLIGATIONS

Valuation of pension obligations

Based on the actuarial valuation prepared using population data as at December 31, 1994, and using the projected benefit method prorated on services, the Commission's actuaries set the actuarial present value of accrued pension benefits under the Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges at $26 175 715 as at that date. The actuarial valuation was extrapolated by the Commission's actuaries to December 31, 2000, and is estimated at $35 938 453.

5. PENSION OBLIGATIONS (cont'd)

Changes in pension obligations

	2000	1999
Actuarial present value of accrued pension benefits - beginning of year	$35 267 040	$34 524 863
Increase		
Interest	2 507 478	2 457 699
Benefits accrued	178 289	215 100
	2 685 767	2 672 799
Decrease		
Benefits paid	2 014 354	1 930 622
Net increase for the year	671 413	742 177
Actuarial present value of accrued pension benefits – end of year	$35 938 453	$35 267 040

Significant long-term economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits were established by the Commission's actuaries during the most recent valuation and reflect long-term market trends. Significant long-term economic assumptions used in the valuation were:

Inflation	4.50%
Rate of return net of inflation	3.00%
Salary escalation rate net of inflation	1.50%

6. REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Net investment income from individual funds	$3 741 756	$2 685 093
Interest on demand deposits in the General Fund	10 963	
	$3 752 719	$2 685 093
Change in fair value		
Gains realized on the sale of investments	$3 364 233	$1 457 222
Gains realized but not yet distributed by the individual portfolios	6 044 317	2 138 308
Unrealized (losses) gains	(8 061 648)	1 949 780
	$1 346 902	$5 545 310

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR ACTIVE MEMBERS OF THE CENTRE HOSPITALIER CÔTE-DES-NEIGES

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1994 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE RETIREMENT PLAN FOR ACTIVE MEMBERS OF THE CENTRE HOSPITALIER CÔTE-DES-NEIGES

The Commission's actuaries carried out an actuarial valuation of this plan according to the contributors' profile as at December 31, 1994, based on recommendations made by the Canadian Institute of Chartered Accountants. This valuation reveals that, at that date, pension obligations for this plan amounted to $26 175 715.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the actuarial valuation method used is that prescribed by the Canadian Institute of Chartered Accountants, i.e. the projected benefit method prorated on services.

The actuarial assumptions used correspond to those adopted by the Commission's actuaries in the valuation they carried out for funding purposes.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, May 7, 1998

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of net assets available for benefits of the Retirement Plan for Active Members of the Centre hospitalier Côte-des-Neiges as at December 31, 2000, and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

Apart from what is disclosed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As disclosed in Note 5, the amount of obligations related to the benefits of the retirement plan for active members of the Centre hospitalier Côte-des-Neiges, which is evaluated at $35 938 453 at December 31, 2000, resulting from the projection of the actuarial value of the benefits accrued as at December 31, 1994. In the absence of more recent actuarial evaluations than those of December 31, 1994, I was unable to determine whether adjustments should have been made to the amount of the obligations related to the benefits as at December 31, 2000.

In my opinion, apart from potential adjustment that might be necessary if the obligations related to benefits as at December 31, 2000 had been projected according to a more recent actuarial valuation as indicated in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of this plan as at December 31, 2000, and changes in this position for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 17, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)
SPECIAL PENSION PLANS

NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000

	2000	1999
ASSETS		
Investments		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 4)	$1 791 191	$1 760 378
Accounts receivable		
Employee contributions	512	
Employer contributions	1 299	1 080
Amounts receivable from beneficiaries		383
	1 811	1 463
Cash on hand	276	
	1 793 278	1 761 841
LIABILITIES		
Contribution refunds	10 377	2 301
NET ASSETS AVAILABLE FOR BENEFITS (Notes 5 and 6)	$1 782 901	$1 759 540

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SPECIAL PENSION PLANS

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000

	2000	1999
INCREASE IN ASSETS		
Employee contributions, including contributions for past service	$2 420	$2 462
Employer contributions, including contributions for past service	11 730	9 116
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 7)	80 493	83 998
Changes in the fair value of funds entrusted to the Caisse de dépôt et placement du Québec (Note 7)	53 716	142 412
	148 359	237 988
DECREASE IN ASSETS		
Benefits paid		
Pensions	124 998	118 093
NET INCREASE FOR THE YEAR	23 361	119 895
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	1 759 540	1 639 645
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$1 782 901	$1 759 540

1. DESCRIPTION OF THE PLANS

Pension plan of the former employees of the City of Saint-Laurent

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult Order in Council 842-82 of the Gouvernement du Québec.

a) General information

The Pension Plan of the Former Employees of the City of Saint-Laurent is administered by the Commission administrative des régimes de retraite et d'assurances (CARRA). It is a defined benefit pension plan offered to former employees of the City of Saint-Laurent's health and social services sector who, since September 19, 1976, have been in a job covered by the Government and Public Employees Retirement Plan (RREGOP).

b) Funding

Benefits are funded by contributors according to the contribution rate set by decree and by the employer, which assumes the remaining benefit obligations.

Expenses related to the administration of this plan are assumed by the Gouvernement du Québec.

c) Retirement benefits

Contributors are entitled to benefits at the age of 65 if they are 55 years of age and have 30 years' pensionable service, for men, if they are 50 years of age and have 25 years' pensionable service, for women, or if they have 32 years' pensionable service.

The pension is calculated by multiplying the average pensionable salary for the three consecutive best paid years by 2.5% per year of service less a percentage of average pensionable earnings to coordinate it with that of the Québec Pension Plan.

d) Death benefits

In the event of death, the contributor's assigns are entitled to the refund of contributions or, if the deceased was receiving a pension, to the excess, if any, of contributions paid by the contributor over the amount of benefits already received.

e) Severance benefits

Persons who cease to contribute to the plan before being eligible to receive an immediate pension are entitled to a deferred pension at the age of 65 if they are over 45 and have 10 ten years' pensionable service; otherwise, they are entitled to the refund of contributions.

f) Indexation of benefits

Pension benefits under this plan are not indexed to the cost of living increase.

Pension plan of the former employees of the Town of Westmount

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult Order in Council 2174-84 of the Gouvernement du Québec.

a) General information

The Pension Plan of the Former Employees of the Town of Westmount is administered by the CARRA. It is a defined benefit pension plan offered to former employees of the Town of Westmount who contributed to the general pension plan of the Town of Westmount and who were integrated into the Montreal General Hospital as of April 1, 1976.

---

1. DESCRIPTION OF THE PLANS (cont'd)

Pension plan of the former employees of the Town of Westmount (cont'd)

b) Funding

Benefits are funded by the employer, which assumes the surplus of the total cost of the plan over the portion funded by employee and employer contributions deposited in the Caisse de dépôt et placement du Québec.

Expenses related to the administration of this plan are assumed by the Gouvernement du Québec.

d) Indexation of benefits

Pension benefits under this plan are not indexed to the cost of living increase.

Pension plan for the chairman of the Conseil de la Communauté urbaine de l'Outaouais

The following description is given as a matter of information. To obtain more complete information concerning this plan, please consult the orders in council 0.C. 2661-76 and 40-89 of the Gouvernement du Québec:

a) General information

The Pension plan for the chairman of the Conseil de la Communauté urbaine de l'Outaouais is administered by the CARRA. It is defined contribution pension plan.

b) Funding

Contributions are no longer paid into this plan, with the exception of employer contributions for the purpose of indexing pensions paid.

c) Death benefits

Upon the death of a person who had been receiving a pension for fewer than 15 years, the surviving spouse or assigns is or are entitled to receive the pension until the 15-year period expires, or an amount equal to the pension's present value.

d) Indexation of benefits

Pension benefits under these plans are fully indexed to the cost of living increase.

2. ACCOUNTING POLICIES

The financial statements of the special pension plans were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Employee and employer contributions

Adjustments to employee and employer contributions are recorded when the amounts are determined.

Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are recorded at fair value, which is established on the basis of the fair value of units, as determined by the Caisse de dépôt et placement du Québec.

The investments of these individual funds are composed primarily of participating units in individual Caisse de dépôt et placement du Québec portfolios. The net gains on the sale of investments earned by these individual portfolios, which are not distributed to individual funds, are included in the net assets of individual portfolios. These revenues are added to the cost of participation deposits.

3. CAPITALIZATION POLICY

Under section 9.06 of Order-in-Council 842-82 creating the Pension Plan of the Former Employees of the City of Saint-Laurent, CARRA actuaries performed an actuarial valuation for funding purposes. The objectives of this valuation are, among others, to determine employee and employer contributions.

Consequently, the employee contribution for the fiscal year was 5.50% of the pensionable earnings, to the maximum of eligible earnings under the Act respecting the Québec Pension Plan, and 7.0% of the surplus. The employer contribution for current service corresponds to 306% the employee contribution.

Employee and employer contributions are deposited in the Caisse de dépôt et placement du Québec.

4. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Participation deposits in the individual fund– at fair value (cost 2000: $1 883 360; 1999: $1 627 848)	$1 785 478	$1 732 970
Demand deposits in the General Fund	241	
Revenue receivable from the individual fund	5 472	27 408
	$1 791 191	$1 760 378
Cumulated gains realized, but not yet distributed by the individual portfolios, included in the cost of participation deposits	$374 759	$203 855

5. NET ASSETS AVAILABLE FOR BENEFITS

	2000	1999
Defined Benefit Pension Plans		
Pension Plan of the Former Employees of the City of Saint-Laurent	$1 145 387	$1 123 849
Pension Plan of the Former Employees of the Town of Westmount	306 943	301 699
	1 452 330	1 425 548
Defined Contribution Pension Plans		
Pension plan for the chairman of the Conseil de la Communauté urbaine de l'Outaouais	330 571	333 992
	$1 782 901	$1 759 540

6. PENSION OBLIGATIONS

Valuation of pension obligations

Based on the actuarial valuation prepared using population data as at December 31, 1995, and using the projected benefits method prorated on services, the Commission's actuaries set the actuarial present value of accrued pension benefits under the special defined benefit pension plans at $840 441 for the Pension Plan of the Former Employees of the City of Saint-Laurent and at $176 968 for the Pension Plan of the Former Employees of the Town of Westmount These actuarial valuations were extrapolated by the Commission's actuaries to December 31, 2000, and are estimated as follows:

---

6. PENSION OBLIGATIONS (cont'd)

Valuation of pension obligations (cont'd)

	2000	1999
Pension Plan of the Former Employees of the City of Saint-Laurent	$881 482	$885 746
Pension Plan of the Former Employees of the Town of Westmount	143 691	151 276
	$1 025 173	$1 037 022

Changes in pension obligations

	2000	1999
Pension Plan of the Former Employees of the City of Saint-Laurent		
Pension Plan of the Former Employees of the Town of Westmount		
Actuarial present value of accrued pension benefits, beginning of year	$1 037 022	$1 041 443
Increase:		
Interest	69 736	70 287
Benefits accrued	9 494	10 000
	79 230	80 287
Decrease:		
Benefits paid	91 079	84 708
Net decrease for the year	(11 849)	(4 421)
Actuarial present value of accrued pension benefits, end of year	$1 025 173	$1 037 022

Significant long-term economic assumptions

The assumptions used in determining the actuarial present value of accrued pension benefits reflect long-term market trends. The significant long-term economic assumption used was the nominal rate of return, or 7%.

The Commission's actuaries set the actuarial present value of obligations under the pension plan for the chairman of the Conseil de la Communauté urbaine de l'Outaouais at $268 681 as at December 31, 2000 ($280 323 as at December 31, 1999).

7. REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Net investment income from individual funds	$80 431	$83 998
Interest on demand deposits in the General Fund	62	
	$80 493	$83 998

	2000	1999
Change in fair value		
Gains realized on the sale of investments	$92 590	$39 003
Gains realized but not yet distributed by individual portfolios	179 609	53 292
Unrealized (losses) gains	(218 483)	50 117
	$53 716	$142 412

ACTUARIAL OPINION WHICH IS AN INTEGRAL PART OF THE VALUATION OF PENSION OBLIGATIONS AS AT DECEMBER 31, 1995 AND DETERMINED FOR THE PURPOSE OF THE FINANCIAL STATEMENTS OF THE PENSION PLAN OF THE FORMER EMPLOYEES OF THE CITY OF SAINT-LAURENT AND THE PENSION PLAN OF THE FORMER EMPLOYEES OF THE TOWN OF WESTMOUNT

The Commission's actuaries carried out an actuarial valuation of these plans according to the contributors' profile as at December 31, 1995, based on recommendations made by the Canadian Institute of Chartered Accountants. This valuation reveals that, at that date, pension obligations for these plans amounted to $1 017 409.

In my opinion,

- the data on which this valuation is based are adequate and reliable;
- the assumptions on which this valuation is based are adequate and appropriate;
- the actuarial valuation method used is the projected benefit method prorated on services.

Denis Leclerc, FICA, FSA
Director, Actuarial Service and Development

Québec, April 22, 1997

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SPECIAL PENSION PLANS

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of net assets available for benefits of the special pension plans mentioned in Note 1 as at December 31, 2000, and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

Apart from what is disclosed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As disclosed in Note 6, the amount of obligations related to the benefits of Pension Plan of the Former Employees of the City of Saint-Laurent and the Pension Plan of the Former Employees of the Town of Westmount, which are evaluated respectively at $881 482 and $143 691 as at December 31, 2000, resulting from the projection of the actuarial value of the benefits accrued as at December 31, 1995. In the absence of more recent actuarial evaluations than those of December 31, 1995, I was unable to determine whether adjustments should have been made to the amount of the obligations related to the benefits as at December 31, 2000

In my opinion, with the exception of the potential adjustments that might be necessary if the obligations related to benefits as at December 31, 2000 had been projected according to a more recent actuarial valuation as indicated in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of these plans as at December 31, 2000, and the changes in this position for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 17, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

(R.S.Q., c. R-10)
BASIC LIFE INSURANCE PLAN FOR EMPLOYEES OF THE PUBLIC AND PARAPUBLIC SECTORS
SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL
REVENUE AND EXPENDITURE
for the year ended December 31, 2000

	2000	1999
REVENUE		
Basic plan – employer contributions from agencies	$216 114	$224 426
Supplementary plan – employee premiums and employer contribution	12 037	97 936
Revenue paid into the Consolidated Revenue Fund of the Gouvernement du Québec	$228 151	$322 362
EXPENDITURE		
Death benefits		
Basic plan	$2 704 000	$2 848 000
Supplementary plan	96 000	14 800
Benefits paid out of the Consolidated Revenue Fund of the Gouvernement du Québec	$2 800 000	$2 862 800

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Participation,
Finance and Administration

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
BASIC LIFE INSURANCE PLAN FOR EMPLOYEES OF THE PUBLIC AND PARAPUBLIC SECTORS
SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENT
December 31, 2000

1. PURPOSE

The basic life insurance plan for employees of the public and parapublic sectors provides for the payment of death benefits under certain conditions.

The supplementary life insurance plan applies only to certain employees and pensioners of the Commission de la santé et de la sécurité du travail and provides for the payment of death benefits under certain conditions.

Revenue included in this financial statement is collected by the Conseil du trésor.

2. ACCOUNTING POLICIES

The financial statement for these two life insurance plans was prepared by management on the cash basis.

AUDITOR'S REPORT

To the National Assembly

I have audited the statement of revenue and expenditure of the basic life insurance plan for employees of the public and parapublic sectors and the supplementary life insurance plan for employees and pensioners of the Commission de la santé et de la sécurité du travail for the year ended December 31, 2000. This financial statement is the responsibility of the management of the Commission administrative des régimes de retraite et d'assurances. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policy used and evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the revenue and expenditure of these life insurance plans for the year ended December 31, 2000 in accordance with the accounting policy disclosed in Note 2. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, this policy was applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, March 28, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
(R.S.Q., c. R-10)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended December 31, 2000

	2000	1999
	(Note 10)	(Note 3)
EXPENDITURE		
Salaries and fringe benefits	$22 666 698	$19 243 010
Professional fees	4 165 246	3 577 832
Communications and transportation	2 037 677	1 391 584
Space and equipment rental	1 586 454	1 600 662
Equipment	696 610	718 186
Office supplies	218 131	221 354
Maintenance and repairs	311 796	564 882
Interest on long-term debt	17 741	42 386
Other expenses	104 563	41 996
Depreciation of fixed assets	1 600 965	1 212 839
	33 405 881	28 614 731
REVENUE		
Expenses assumed by the Government and Public Employees Retirement Plan		
Employee contributions fund		
Unionizable employees	12 278 770	9 762 838
Non-unionizable fund	968 560	850 675
Employer contributions fund	13 247 330	10 613 513
Other plans	6 798 195	7 128 837
Other sources	515 975	573 548
	33 808 830	28 929 411
SURPLUS FOR THE YEAR	$402 949	$314 680

SURPLUS
for the year ended December 31, 2000

	2000	1999
PREVIOUSLY ESTABLISHED OPENING BALANCE	$254 232	$622 402
Adjustment (Note 3)		(682 850)
ADJUSTED BALANCE	254 232	(60 448)
Surplus for the year	402 949	314 680
CLOSING BALANCE	$657 181	$254 232

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

BALANCE SHEET
as at December 31, 2000

	2000	1999 (Note 3)
ASSETS		
Current assets		
Cash on hand	$652 975	$483 491
Accounts receivable	1 914 537	1 404 492
Short-term investments – at cost (5.85%)	543 617	521 652
Accrued interest on investments	8 262	7 607
	3 119 391	2 417 242
Investments (Note 4)	1 125 364	1 314 268
Fixed assets (Note 5)	6 440 431	6 474 616
Owed by the Secrétariat du Conseil du trésor (Note 8)	3 192 824	4 273 721
Owed by the plans (Note 8)	3 383 323	1 818 415
	14 141 942	13 881 020
	$17 261 333	$16 298 262
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$2 446 953	$1 795 177
Instalment on long-term debt (Note 6)	32 755	320 665
	2 479 708	2 115 842
Long-term debt (Note 6)	14 413	47 168
Deferred contributions (Note 7)	7 533 884	7 788 884
Provision for sick leave and vacation time (Note 8)	6 576 147	6 092 136
	16 604 152	16 044 030
SURPLUS	657 181	254 232
	$17 261 333	$16 298 262

Luc Bessette
Chairman of the Commission

Michel Lagueux
Assistant to the Vice-President

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

CASH FLOWS
for the year ended December 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Surplus for the year	$402 949	$314 680
Items not affecting liquid assets		
Depreciation of fixed assets	1 600 965	1 212 839
Transfer of deferred contributions	(1 821 780)	(1 212 839)
	182 134	314 680
Changes in assets and liabilities related to operation		
Accounts receivable	(510 045)	(1 280 239)
Accrued interest on investments	(655)	15 538
Accounts payable and accruals	651 776	1 044 129
Owed by the Secrétariat du Conseil du trésor	1 080 897	(235 919)
Owed by the plan	(1 564 908)	797 367
Provisions for sick leave and vacation time	484 011	(561 448)
Deferred contributions	1 566 780	2 704 808
	1 707 856	2 484 236
Cash flows from operating activities	1 889 990	2 798 916
FINANCING ACTIVITIES		
Cash flows used for financing activities		
Repayment of the long-term debt	(320 665)	(306 462)
INVESTMENT ACTIVITIES		
Cash flows used for investment activities		
Acquisition of fixed assets	(1 566 780)	(2 661 026)
Investments	188 904	(43 782)
	(1 377 876)	(2 704 808)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	191 449	(212 354)
CASH AND CASH-EQUIVALENTS – BEGINNING OF YEAR	1 005 143	1 217 497
CASH AND CASH EQUIVALENTS – END OF YEAR (Note 9)	$1 196 592	$1 005 143

NOTES TO FINANCIAL STATEMENT
December 31, 2000

---

1. CONSTITUTION, PURPOSE AND FINANCING

The Commission administrative des régimes de retraite et d'assurances (CARRA) was established by the Act respecting the Government and Public Employees Retirement Plan (R.S.Q., c. R-10) for the purpose of administering this plan and any other pension or insurance plan whose management is assigned to the Commission by an act or by the Gouvernement du Québec.

2. ACCOUNTING POLICIES

The financial statements of the CARRA were prepared by management in accordance with the generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Fixed assets

Fixed assets are recorded at cost and depreciated on straight-line basis at the rate of 20%.

Short-term investments

Short-term investments are recorded at the lower of cost and fair value.

Deferred contributions

Contributions are deferred and posted to the statement of revenue and expenditure as the expenses to which they correspond.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the CARRA lacks sufficient information to apply the accounting procedure for defined benefit plans.

Cash and cash equivalents

The CARRA's policy consists in presenting under cash and cash equivalents bank balances and short-term investments maturing within three months of the date they were acquired.

3. CHANGE IN ACCOUNTING POLICY

Provision for sick leave

The obligations resulting from the sick leave and vacation time accumulated by CARRA employees are recorded to liabilities in the balance sheet. The annual variation in this provision is posted to expenditures for the year.

Formerly, these expenses were recorded under operations in the fiscal year in which the employees used their sick leave or vacation time. The retroactive application of this change increases (decreases) the following items of the financial statements:

	2000	1999
Accounts receivable	$(145 606)	$(918 769)
Owed by the Secrétariat du Conseil du trésor	3 192 824	4 273 721
Owed by the plans	3 383 323	1 818 415
Provision for sick leave and vacation time	6 576 147	6 092 136
Surplus	(145 606)	(918 769)
Salaries and fringe benefits	629 617	(561 448)

NOTES TO FINANCIAL STATEMENT (cont'd)
December 31, 2000

---

3. CHANGE IN ACCOUNTING POLICY (cont'd)

Provision for sick leave (cont'd)

	2000	1999
Revenue		
Expenses assumed by the Government and Public Employees		
Retirement plan		
Employee contributions fund		
Unionizable employees	$179 084	$(295 026)
Non-unionizable employees	14 520	(23 921)
Employer contributions fund	193 604	(318 947)
Other pension plans	96 803	(159 473)
Surplus for the year	(145 606)	(235 919)

4. SHORT-TERM INVESTMENTS

Term deposits with the Caisse de dépôt et placement du Québec	2000	1999
Unionizable employees fund	$521 486	$609 413
Non-unionizable employees fund	41 196	47 721
Gouvernement du Québec	562 682	657 134
	$1 125 364	$1 314 268

These term deposits bear interest at a rate of 5.85%. Representatives of unionizable employees, non-unionizable employees and the Gouvernement du Québec agreed to provide the CARRA with funding to upgrade its computer systems. The CARRA received an initial amount of $2 156 000, that is, $1 000 000 from the unionizable employees fund and $78 000 from the non-unionizable employees fund of the Government and Public Employees Retirement Plan, and $1 078 000 from the Government. The balance of the initial amount, including cumulated interest, was $1 125 364 at December 31, 2000.

5. FIXED ASSETS

	2000			1999
	Cost	Accumulated depreciation	Net	Net
Integrated furniture	$1 478 071	$1 108 553	$369 518	$665 132
Computer equipment and software	1 139 413	393 048	746 365	558 914
Development of information systems	7 430 873	2 106 325	5 324 548	5 250 570
	$10 048 357	$3 607 926	$6 440 431	$6 474 616

6. LONG-TERM DEBT

Development work was financed by the Société immobilière du Québec at a rate of 7.76% and CARRA repays the cost through monthly instalments of $2 939 payable until May 31, 2002.

	2000	1999
Outstanding principal	$47 168	$367 833
Payment due within one year	32 755	320 665
	$14 413	$47 168

6. LONG-TERM DEBT (cont'd)

The amount of capital and interest to be paid over the next two fiscal years are as follows:

Fiscal year	Capital	Interest	Total
2001	$32 755	$2 511	$35 266
2002	14 413	281	14 694
	$47 168	$2 792	$49 960

7. DEFERRED CONTRIBUTIONS

	2000	1999
Deferred contributions– beginning of the year	$7 788 884	$6 296 915
Deferred contributions for the fiscal year		
Funding from plans	1 566 780	2 704 808
	9 355 664	9 001 723
Transfer of deferred contributions from previous years	(1 821 780)	(1 212 839)
Deferred contributions– end of year	$7 533 884	$7 788 884

8. FUTURE FRINGE BENEFITS

Pension plans

The staff members of the CARRA participate in the Government and Public Employees Retirement Plan or in the Civil Service Superannuation Plan. These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The CARRA's contributions charged to the year-end statement amount to $829 642 (1999: $932 374). The liability of the CARRA towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave and vacation time

	2000			1999
	Sick leave	Vacation time	Total	Total
Opening balance	$4 515 281	$1 576 855	$6 092 136	$6 653 584
Increase (decrease) for the year	158 107	325 904	484 011	(561 448)
Closing balance	$4 673 388	$1 902 759	$6 576 147	$6 092 136

The CARRA has accounts receivable indicated separately in the balance sheet assets, since this sick leave and vacation time can be recovered in its entirety from the Secrétariat du Conseil du trésor and the different pension plans.

9. CASH FLOWS

The cash and cash equivalents appearing in the cash flow statement include the following amounts recorded in the balance sheet:

	2000	1999
Cash	$652 975	$483 491
Short-term investments	543 617	521 652
	$1 196 592	$1 005 143

The interest paid by CARRA over the fiscal year was $17 741 (1999: $42 386).

10. CARRA BUDGET

The annual budget of the CARRA is determined by the Government. The Government also determines, in accordance with the applicable agreements, where such agreements exist, the portion of the CARRA's budget allocated to the Government and Public Employees Retirement Plan for unionizable employees, the portion allocated to non-unionizable employees and the portion allocated to the other pension plans administered by the CARRA.

11. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the CARRA is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The CARRA did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

12. LOCAL FUND FOR THE RETIREMENT PREPARATION PROGRAM

The CARRA has administered a retirement preparation program for employees of the Gouvernement du Québec. The CARRA has been authorized to bill the departments and agencies for the costs related to meetings and to establish a local fund for this purpose. Fund transactions break down as follows:

	2000	1999
Opening fund balance	$57 928	$52 973
Revenue	345 968	265 000
Expenditure	(374 655)	(260 045)
Closing fund balance	$29 241	$57 928

13. COMPARATIVE FIGURES

Certain 1999 figures were reclassified for consistency with the presentation adopted in 2000.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

MANAGEMENT'S REPORT

The financial statements of the CARRA were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies in Canada, which are disclosed in Note 2 of the financial statements, as the case may be. All other financial information contained in the annual report is consistent with that presented in the financial statements. In the case of estimates, they were made to the best of management's knowledge.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The internal audit department periodically audits different areas of the CARRA's operations. This audit includes reviewing and assessing the existence, relevance and adequacy of management's internal accounting controls.

The CARRA recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The CARRA's actuaries carry out an actuarial valuation every three years as well as an annual estimate of the pension obligations entered in the CARRA's financial statements in accordance with generally accepted actuarial practices. They report the results of their valuation to the CARRA.

The Auditor General of Québec has conducted an audit of the CARRA's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committees to discuss any element concerning his audit.

Luc Bessette
Chairman of the Commission

Marc Landry
Director of Particiaption,
Finance and Administration

Québec, May 9, 2001

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Commission administrative des régimes de retraite et d'assurances for the year ended December 31, 2000 and the statements of revenue, expenditure, and of surplus and cash flows for the year then ended. This financial statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements presents fairly, in all material respects, the financial position of the Commission as at December 31, 2000 and the results of its operations and cash flows for the year then ended, in accordance with the generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in accounting treatment of sick leave and vacation time accumulated by employees as disclosed in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, April 17, 2001

COMMISSION DE LA CAPITALE NATIONALE DU QUÉBEC
(R.S.Q., c. C-33.1)

INCOME
for the year ended March 31, 2001

	2001			2000
	Current transactions	Fund to develop and enhance the capital	Total	Total (Note 3)
REVENUE				
Gouvernement du Québec subsidies	$16 929 617		$16 929 617	$18 441 400
Partner contributions (Note 4)	2 063 068		2 063 068	2 736 320
Interest	360 033	$117 815	477 848	344 925
Rental income	40 333		40 333	30 370
Other	30 176		30 176	19 522
	19 423 227	117 815	19 541 042	21 572 537
EXPENDITURE				
Financial assistance	10 685 933	478 634	11 164 567	6 850 211
Salaries and fringe benefits	2 004 702		2 004 702	1 837 163
Taxes	756 786		756 786	785 100
Professional and administrative services	2 212 636	2 787 716	5 000 352	5 439 450
Transportation and communications	386 482		386 482	1 141 377
Maintenance and repairs	389 441		389 441	345 187
Materials and supplies	286 393	9 228	295 621	662 380
Rent	527 523		527 523	510 482
Depreciation of fixed assets	794 013		794 013	546 160
Interest on long-term debt	149 111		149 111	121 820
	18 193 020	3 275 578	21 468 598	18 239 330
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	$1 230 207	$(3 157 763)	$(1 927 556)	$3 333 207

COMMISSION DE LA CAPITALE NATIONALE DU QUÉBEC

CHANGE IN FUND BALANCES
for the year ended March 31, 2001

	2001			2000
	Current transactions	Fund to develop and enhance the capital	Total	Total (Note 3)
FUND BALANCES, BEGINNING OF YEAR				
Fund balance established	$2 410 880	$4 730 112	$7 140 992	$3 800 317
Adjustment (Note 3)	(136 938)		(136 938)	(129 470)
Adjusted fund balance	2 273 942	4 730 112	7 004 054	3 670 847
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	1 230 207	(3 157 763)	(1 927 556)	3 333 207
Inter-fund transfer (Note 5)	(1 394 005)	1 394 005		
FUND BALANCES, END OF YEAR	$2 110 144	$2 966 354	$5 076 498	$7 004 054

COMMISSION DE LA CAPITALE NATIONALE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001			2000
	Current transactions	Fund to develop and enhance the capital	Total	Total (Note 3)
ASSETS				
Current assets				
Cash on hand (Note 6)	$5 145 197	$1 741 050	$6 886 247	$6 773 195
Accounts receivable	43 065	7 870	50 935	21 761
Gouvernement du Québec subsidy receivable	531 000		531 000	
Contributions receivable (Note 7)	1 879 287		1 879 287	2 044 094
Inter-fund receivables, interest-free and no repayment terms		1 447 946		
Prepaid expenses	185 732		185 732	220 986
	7 784 281	3 196 866	9 533 201	9 060 036
Fixed assets (Note 8)	2 626 417		2 626 417	3 140 325
	$10 410 698	$3 196 866	$12 159 618	$12 200 361
LIABILITIES				
Current liabilities				
Accounts payable and accruals	$424 350	$230 512	$654 862	$848 939
Provision for vacation time	142 089		142 089	136 938
Accrued interest	33 780		33 780	44 794
Deferred Gouvernement du Québec subsidies (Note 9)	1 912 483		1 912 483	
Deferred contributions (Note 10)	2 100 904		2 100 904	1 587 416
Inter-fund receivables, interest-free and no repayment terms	1 447 946			
Portion of the debt due in less than one year (Note 11)	616 212		616 212	602 720
	6 677 764	230 512	5 460 330	3 220 807
Long-term debt (Note 11)	1 218 931		1 218 931	1 808 160
Gouvernement du Québec advance, interest-free and no repayment terms	275 000		275 000	
Deferred contributions (Note 10)	128 859		128 859	167 340
	8 300 554	230 512	7 083 120	5 196 307
FUND BALANCES	2 110 144	2 966 354	5 076 498	7 004 054
	$10 410 698	$3 196 866	$12 159 618	$12 200 361

COMMITMENTS (Note 12)

On behalf of the Board of Directors,
Pierre Boucher
Jacques Lemieux

COMMISSION DE LA CAPITALE NATIONALE DU QUÉBEC

CASH FLOWS POSITION
for the year ended March 31, 2001

	2001			2000
	Current transactions	Fund to develop and enhance the capital	Total	Total (Note 3)
OPERATING ACTIVITIES				
Excess (deficiency) of revenue over expenditures	$1 230 207	$(3 157 763)	$(1 927 556)	$3 333 207
Items not affecting liquid assets:				
Depreciation of fixed assets	794 013		794 013	546 160
Amortization of deferred contributions	(1 521 152)		(1 521 152)	(141 548)
	503 068	(3 157 763)	(2 654 695)	3 737 819
Deviations in non-cash elements of the Working Capital Fund (Note 13)	1 837 968	1 510 621	3 348 589	(206 885)
Cash flows provided by (used for) operating activities	2 341 036	(1 647 142)	693 894	3 530 934
INVESTMENT ACTIVITIES				
Cash flows provided by (used for) investment activities:				
Acquisition of fixed assets	(280 105)		(280 105)	(2 579 495)
FINANCING ACTIVITIES				
Contributions received				200 000
Long-term debt	40 475		40 475	3 013 600
Gouvernement du Québec advance	275 000		275 000	
Repayment of long-term debt	(616 212)		(616 212)	(602 720)
Cash flows provided by (used for) financing activities	(300 737)		(300 737)	2 610 880
INCREASE (DECREASE) IN CASH ON HAND	1 760 194	(1 647 142)	113 052	3 562 319
CASH ON HAND, BEGINNING OF YEAR	4 779 008	1 994 187	6 773 195	3 210 876
Inter-fund transfer	(1 394 005)	1 394 005		
CASH ON HAND, END OF YEAR	$5 145 197	$1 741 050	$6 886 247	$6 773 195

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Commission de la capitale nationale du Québec is a legal person established by the Act respecting the National Capital Commission (R.S.Q., c. C-33.1) to:

- see to it that the planning of the capital is consistent with its distinct character;
- encourage, or take steps to ensure, the establishment and development of national institutions and major facilities characteristic of a capital;
- contribute to the embellishment of squares, parks, parkways and public roadways in the capital;
- contribute to the improvement of the quality of architecture in the capital;
- contribute to the preservation and enhancement of historic sites, works, monuments and other property in the capital and the surrounding area;
- contribute to the realization of works to improve access to the capital;
- contribute to the organization and promotion of activities and events of a historical, cultural and social nature that give prominence to the capital.

The Commission is also responsible for advising the Government on:

- the location, within the capital and the surrounding area, of Government offices and departments or other Government bodies, and on the distribution of personnel;
- the construction, preservation, planning and development of buildings housing the National Assembly and Government offices and departments or other Government bodies, within the capital or, as the case may be, the surrounding area;
- any matter concerning the planning of the capital and the surrounding area.

2. ACCOUNTING POLICIES

The financial statements of the Commission were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Fund Accounting

In accordance with the Act respecting the National Capital Commission, the sums received by the Commission must be used to discharge its obligations and the balance must be paid into a fund to develop and enhance the capital. The Government has authorized the use of the fund for this purpose.

Accrued proceeds

The Commission uses the deferral method to record contribution, i.e. Gouvernement du Québec subsidies and partners' contributions. The contributions of restricted partners are accrued as proceeds from the appropriate fund in the fiscal year in which the related charges were incurred.. The contributions of non-restricted partners are accrued as proceeds when received or receivable, if the amount can be reasonably estimated and the Commission is reasonable certain of receiving it.

Fixed Assets

Fixed assets received from the Gouvernement du Québec free of charge are recorded at their fair value. Other fixed assets are recorded at cost.

2. ACCOUNTING POLICIES (cont'd)

Fixed Assets (cont'd)

They are depreciated over the term of their useful life according to the following methods and rates:

Data processing equipment and software	Diminishing balance	30%
Office furniture and equipment	Diminishing balance	20%
Facilities development	Straight-line	20%
Software leased under a capital lease contract	Diminishing balance	30%

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Commission lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGE IN ACCOUNTING POLICY

The liabilities resulting from vacation time accumulated by Commission employees are recorded to liabilities on the balance sheet. The annual change in this provision is posted to the expenditures for the fiscal year.

Previously, these expenses were posted to operations in the fiscal year during which the employees used their vacation time. These changes, applied retroactively, will increase (decrease) the following items in the financial statements:

	2001	2000
Income		
Salaries and fringe benefits	$5 151	$7 468
Excess (deficiency) of revenue over expenditure	(5 151)	(7 468)
Balance Sheet		
Provision for vacation time	142 089	136 938
Fund balances	(142 089)	(136 938)

4. PARTNERS' CONTRIBUTIONS

	2001	2000
Société immobilière du Québec	$704 448	$261 679
Hydro-Québec	213 234	986 766
Gouvernement du Québec	1 047 645	655 296
Other	97 741	832 579
	$2 063 068	$2 736 320

5. INTER-FUND TRANSFER

The amount $1 394 005 represents the excess received by the Commission to be applied to its obligations as at March 31, 2001. According to the Commission's incorporating act, they are to be paid into a fund to develop and enhance the capital (Fonds pour la mise en valeur de la capitale).

6. CASH ON HAND

Cash on hand bears interest at the prime rate minus 1.75%. At March 31, 2001, this rate was 5.0%.

7. CONTRIBUTIONS RECEIVABLE

	2001	2000
Société immobilière du Québec	$143 116	$1 005 426
Hydro-Québec		600 000
Gouvernement du Québec	1 177 900	200 000
Other	558 271	238 668
	$1 879 287	$2 044 094

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Data processing equipment and software	$253 803	$173 720	$80 083	$74 284
Office furniture and equipment	193 488	117 984	75 504	91 106
Facilities development	3 812 786	1 376 360	2 436 426	2 974 935
Software leased under a capital lease contract	40 475	6 071	34 404	
	$4 300 552	$1 674 135	$2 626 417	$3 140 325

9. DEFERRED GOUVERNEMENT DU QUÉBEC SUBSIDIES

	2001	2000
Gouvernement du Québec subsidies		
Received	$18 311 100	$18 441 400
Receivable	531 000	
	18 842 100	18 441 400
Amount accrued as receipts for the fiscal year	(16 929 617)	(18 441 400)
	$1 912 483	

These deferred Gouvernement du Québec subsidies relate to projects for enhancing prestigious buildings in the National Capital region, namely $1 400 000 for the National Assembly and $512 483 for the Musée du Québec.

10. DEFERRED CONTRIBUTIONS

The deferred contributions reported in the current operating funds refer to amounts received in the fiscal year in question to cover the charges of future fiscal years and facilities development. The changes in the deferred contributions are as follows:

10. DEFERRED CONTRIBUTIONS (cont'd)

	2001	2000
Opening balance	$1 754 756	$322 747
Contributions designed to cover the charges for future fiscal years	1 996 159	1 573 557
Amortization of deferred contributions	(1 521 152)	(141 548)
	2 229 763	1 754 756
Contributions designed to cover the charges for the coming fiscal year	(2 100 904)	(1 587 416)
	$128 859	$167 340

As at March 31, 2001, the deferred contributions include related party transactions totalling $1 753 470 (2000: $1 740 897).

11. LONG-TERM DEBT

	2001	2000
Borrowing from the Financing Fund of the Gouvernement du Québec, fixed rate of 5.62% repayable in annual instalments of $602 720 on the principal of the borrowing, maturing December 1, 2003	$1 808 160	$2 410 880
Obligation resulting from a capital lease contract, rate of 10% repayable in monthly instalments of $1 124, maturing April 1, 2003	26 983	
Instalment due within one year	(616 212)	(602 720)
	$1 218 931	$1 808 160

Payments of principal on the long-term debt for the next three fiscal years are as follows:

2002	$602 720
2003	602 720
2004	602 720

Minimum payments payable under the obligation resulting from a capital lease contract are as follows:

2002	$15 542
2003	15 543
Total minimum payments payable	31 085
Amount representing interest included in the minimum payments payable	4 102
Minimum payments payable	$26 983

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

12. COMMITMENTS

The Commission is committed to financially support various projects aimed at enhancing and promoting the capital and promoting cultural activities and events that give prominence to the capital. As at March 31, 2001, the Commission had commitments towards the Ville de Québec in the amount of $8 625 953 (2000: $10 335 380) and the National Assembly of Québec in the amount of $3 651 282 (2000: $5 312 770). Moreover, the Commission has commitments of $7 695 000 related to the Autoroute Dufferin-Montmorency development project.

13. CASH FLOWS

The change in off-balance sheet items linked to operations is as follows:

	2001			2000
	Current transactions	Fund to develop and enhance the capital	Total	Total
Accounts receivable	$(31 289)	$2 115	$(29 174)	$377
Gouvernement du Québec subsidy receivable	(531 000)		(531 000)	
Contributions receivable	164 807		164 807	(1 844 094)
Prepaid expenses	35 254		35 254	(30 816)
Accounts payable and accruals	(207 137)	13 060	(194 077)	41 829
Provision for vacation time	5 151		5 151	7 468
Accrued interest	(11 014)		(11 014)	44 794
Deferred Gouvernement du Québec subsidy	1 912 483		1 912 483	
Deferred contributions	1 996 159		1 996 159	1 573 557
Inter-fund debt	(1 495 446)	1 495 446		
	$1 837 968	$1 510 621	$3 348 589	$(206 885)

Interest paid during the fiscal year total $160 125 (2000: $77 026).

14. FUTURE FRINGE BENEFITS

The staff members of the Commission participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The liability of the Commission's liability towards these Government plans is restricted to its contributions as an employer. Its contributions charged to the year-end statement amount to $50 044 (2000: $74 035).

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.02% for participants subject to management exclusion. Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 0.79% for participants subject to management exclusion.

15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Commission is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Commission did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

COMMISSION DE LA CAPITALE NATIONALE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Commission de la capitale nationale du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Commission recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Commission's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Pierre Boucher
President and Chief Executive Officer

Québec, June 21, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Commission de la capitale nationale du Québec as at March 31, 2001, as well as the statements of income, the changes in fund balances and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in the method for recording vacation time accumulated by employees explained in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Doris Paradis
for: Guy Breton, FCA
Auditor General of Québec

Québec, June 21, 2001

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
R.S.Q., c. R-20
GENERAL FUND

REVENUE AND EXPENDITURE
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999 (Note 4)
REVENUE		
Levies	37 515	32 531
Service fees	4 086	4 096
Optional participation	639	517
Fines and penalties	1 360	1 368
Status letters	1 092	984
Transfer of unidentified or unclaimed compensation and claims	189	153
Investment income (Note 6)	620	369
Other	634	400
	46 135	40 418
EXPENDITURE		
Employee remuneration and personnel management	42 721	38 940
Administrative expenses	11 477	10 080
Office space	2 331	2 375
Depreciation of fixed assets	1 405	1 505
Interest on bank loan	51	152
Interest on long-term debt	97	143
Interest and bank charges	371	167
Advertising and public relations	290	364
Professional development	479	400
Contribution to the construction industry commissioner's Fund	833	755
Employment-insurance premium	851	
Union allegiance vote	223	
Jurisdictional dispute committee	84	79
EXPENDITURE BEFORE THE FOLLOWING ITEMS	61 213	54 960
Expenditure charge to supplemental pension and insurance plans	(10 520)	(9 016)
Expenditure charged to the Training Plan Fund	(770)	(572)
Transfer of interest from the Holiday and Vacation Pay Fund	(4 257)	(2 734)
Subsidy from the Gouvernement du Québec to help fight black market labour	(6 770)	(6 149)
	38 896	36 489
EXCESS OF REVENUE OVER EXPENDITURE	7 239	3 929

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

GENERAL FUND

FUND BALANCE
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
FUND BALANCE, BEGINNING OF YEAR		
Previously established balance	7 185	3 294
Adjustment		
Recording of vacation time accumulated (Note 4)	(1 850)	(1 888)
Adjustments	5 335	1 406
Recording of retirement benefits and other types of future fringe benefits (Note 4)	(25 043)	
Charge of administrative costs (Note 5)		
to the Supplemental Pension Plan Fund - General Account	4 635	
to the Holiday and Vacation Pay Fund	428	
to the Training Plan Fund – Institutional-Commercial, Industrial and Civil Engineering Work Sector	60	
Adjusted balance	(14 585)	1 406
Excess of revenue over expenditure	7 239	3 929
CLOSING FUND BALANCE (DEFICIT)	(7 346)	5 335

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

GENERAL FUND

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999 (Note 4)
ASSETS		
Current assets		
Cash on hand	79	
Investment and accrued revenue (Notes 7.2a and 8)	15 631	4 691
Levies receivable	3 086	2 806
Accounts receivable	1 761	1 289
Subsidy receivable from the Gouvernement du Québec	7 400	7 510
Prepaid expenses	565	399
	28 522	16 695
Fixed assets (Note 9)	8 343	7 980
	36 865	24 675
LIABILITIES		
Current liabilities		
Outstanding cheques less cash on hand		424
Accounts payable and accrued expenses	6 024	6 571
Deferred revenue	365	
Deferred subsidy from the Gouvernement du Québec	10 726	10 415
Instalments on long-term debt (Note 10)	88	497
	17 203	17 907
Liability for benefits accrued under future fringe benefits (Note 20)	26 989	
Long-term debt (Note 10)	19	1 433
	44 211	19 340
FUND BALANCE (DEFICIT)	(7 346)	5 335
	36 865	24 675

COMMITMENTS (Note 18)

CONTINGENCIES (Note 19)

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

GENERAL FUND

CASH FLOWS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
OPERATING ACTIVITIES		
Excess of revenue over expenditure	7 239	3 929
Adjustments for		
Depreciation of fixed assets	1 405	1 505
Loss (gain) on disposal of fixed assets	(10)	11
Increase in benefits accrued under future fringe benefits	1 946	
	10 580	5 445
Change in non-cash elements of the Working Capital Fund (Note 11)	(679)	1 098
Cash flows related to operating activities	9 901	6 543
INVESTMENT ACTIVITIES		
Acquisition of investments	(7 713)	(1 603)
Acquisition fixed assets	(2 087)	(1 427)
Subsidy from the Gouvernement du Québec for acquisition of fixed assets	319	446
Proceeds from disposal of fixed assets	10	9
Cash flows related to investment activities	(9 471)	(2 575)
FINANCING ACTIVITIES		
Repayment of the long-term debt related to capital leases	(274)	(325)
Repayment of the long-term debt	(1 549)	(222)
Cash flows related to financing activities	(1 823)	(547)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1 393)	3 421
CASH AND CASH EQUIVALENTS (DEFICIENCY) AT THE BEGINNING		
Previously established balance	959	(2 462)
Adjustment		
Charge of administrative expenses to the Supplemental Pension Plan Fund – General Account and a certain trust fund (Note 5)	5 123	
Adjusted balance	6 082	(2 462)
CASH AND CASH EQUIVALENTS AT THE END (Note 11)	4 689	959

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

HOLIDAY AND VACATION PAY FUND

CHANGES IN ASSETS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Contributions received for compulsory annual vacation and general holidays	243 264	207 420
Investment income	14 066	7 074
Increase in outstanding cheques less cash on hand and accounts payable		3 189
	257 330	217 683
USE OF FUNDS		
Payments to employees		
Holiday and vacation pay	230 658	196 565
Interest on compensation paid	7 920	3 522
Transfer to General Fund		
Interest	4 257	2 734
Compensation payable to unidentified employees or unclaimed after three years	144	67
Decrease in outstanding cheques less cash and accounts receivable	1 973	
	244 952	202 888
INCREASE IN ASSETS	12 378	14 795
ASSETS, BEGINNING OF YEAR		
Previously established balance	109 698	94 903
Adjustment		
Charge of administrative expenses by the General Fund (Note 5)	(428)	
	109 270	94 903
ASSETS, END OF YEAR	121 648	109 698

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

HOLIDAY AND VACATION PAY FUND

ASSETS AND LIABILITIES
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments and accrued revenue (Notes 7.2a and 8)	121 648	109 698
LIABILITIES		
Outstanding cheques less cash on hand	1 845	3 801
Accounts payable	164	181
Holiday and vacation pay, payable to employees	119 639	105 716
	121 648	109 698

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

BACK PAY FUND

CHANGES IN ASSETS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Claims collected from employers	2 199	2 620
Increase in outstanding cheques less cash on hand and accounts payable		384
	2 199	3 004
USE OF FUNDS		
Decrease n in outstanding cheques less cash on hand and accounts payable	219	
Claims paid to employees	2 296	2 653
Transfer to the General Fund of collected claims payable to employees who remain unidentified after three years	45	86
	2 560	2 739
(DECREASE) INCREASE IN ASSETS	(361)	265
ASSETS, BEGINNING OF YEAR	1 067	802
ASSETS, END OF YEAR	706	1 067

ASSETS AND LIABILITIES
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments (Notes 6, 7.2a and 8)	653	1 014
Accounts receivable	53	53
	706	1 067
LIABILITIES		
Outstanding cheques less cash on hand	275	494
Claims payable to employees	431	573
	706	1 067

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

EMPLOYER CONTRIBUTIONS FUND

CHANGES IN ASSETS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Contributions collected	7 946	7 785
USED OF FUNDS		
Contribution refunds	8 229	7 674
(DECREASE) INCREASE OF ASSETS	(283)	111
ASSETS, BEGINNING OF YEAR	1 338	1 227
ASSETS, END OF YEAR	1 055	1 338

ASSETS AND LIABILITIES
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments (Notes 6, 7.2a and 8)	925	1 208
Advances on contributions	130	130
	1 055	1 338
LIABILITIES		
Contributions refundable	1 055	1 338

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

UNION ASSESSMENT FUND

CHANGES IN ASSETS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Assessments collected	39 008	34 001
Increase in advances on contributions	138	46
Increase in outstanding cheques less cash on hand		1 728
	39 146	35 775
USED OF FUNDS		
Assessments remitted	38 727	33 915
Decrease in outstanding cheques less cash on hand	1 641	
	40 368	33 915
(DECREASE) INCREASE IN ASSETS	(1 222)	1 860
ASSETS, BEGINNING OF YEAR	5 097	3 237
ASSETS, END OF YEAR	3 875	5 097

ASSETS AND LIABILITIES
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments (Notes 6, 7.2a and 8)	2 620	3 980
Advances on contributions	1 255	1 117
	3 875	5 097
LIABILITIES		
Outstanding cheques less cash on hand	230	1 871
Assessments to be remitted	3 645	3 226
	3 875	5 097

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

SPECIAL COMPENSATION FUND

CHANGES IN EQUITY
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Employer contributions	1 665	1 474
Compensation recovered	532	502
Penalties	147	172
Decrease in compensation payable to employees		245
	2 344	2 393
USE OF FUNDS		
Compensation paid to employees	1 338	1 661
Increase in compensation payable to employees	2	
	1 340	1 661
INCREASE IN EQUITY	1 004	732
DEFICIT, BEGINNING OF YEAR	(274)	(1 006)
EQUITY (DEFICIT), END OF YEAR	730	(274)

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments (Notes 6, 7.2a and 8)	1 444	489
LIABILITIES		
Outstanding cheques less cash on hand	14	65
Compensation payable to employees	700	698
	714	763
EQUITY (DEFICIT)	730	(274)
	1 444	489

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

ELIGIBILITY FUND

CHANGES IN EQUITY
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Employer contributions	535	389
Investment income	69	35
	604	424
USED OF FUNDS		
Assessments remitted to employees	110	92
INCREASE IN EQUITY	494	332
EQUITY, BEGINNING OF YEAR	893	561
EQUITY, END OF YEAR	1 387	893

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments and accrued revenue (Notes 7.2a and 8)	1 387	893
EQUITY (Note 12)	1 387	893

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

TRAINING PLAN FUND– INSTITUTIONAL-COMMERCIAL, INDUSTRIAL AND CIVIL ENGINEERING WORK SECTOR

CHANGES IN EQUITY
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Employer contributions	15 483	13 536
Investment income	8 004	3 805
Decrease in training activities payable	171	
	23 658	17 341
USED OF FUNDS		
Cost of training activities	3 978	2 260
Increase in prepaid training activity costs	29	175
Training incentives	670	474
Contribution to the training fund use management committee	785	406
Expenses charged by the General funds	714	522
Increase in training activities payable		520
	6 176	4 357
INCREASE IN EQUITY	17 482	12 984
ASSETS, BEGINNING OF YEAR		
Previously established balance	84 455	71 471
Adjustment		
Charge of administrative expenses by the General Fund (Note 5)	(60)	
	84 395	71 471
EQUITY, END OF YEAR	101 877	84 455

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

TRAINING PLAN FUND– INSTITUTIONAL-COMMERCIAL, INDUSTRIAL AND CIVIL ENGINEERING WORK SECTOR

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments and accrued revenue (Notes 7.2a and 8)	102 271	84 253
Deferred contribution to the training fund use management committee		785
Prepaid training activity expenses	204	175
	102 475	85 213
LIABILITY		
Outstanding cheque less cash on hand	11	
Training activities payable	587	758
	598	758
EQUITY	101 877	84 455
	102 475	85 213

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

TRAINING PLAN FUND– RESIDENTIAL SECTOR

CHANGES IN EQUITY
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Employer contributions	2 365	2 145
Investment income	606	416
	2 971	2 561
USE OF FUNDS		
Cost of training activities	123	95
Contribution costs of the training fund use management committee	86	35
Expenses charged by the General Fund	56	50
	265	180
INCREASE IN EQUITY	2 706	2 381
EQUITY, BEGINNING OF YEAR	9 825	7 444
EQUITY, END OF YEAR	12 531	9 825

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments and accrued revenue (Notes 7.2a and 8)	12 531	9 825
EQUITY	12 531	9 825

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
SUPPLEMENTAL PENSION PLAN FUND

GENERAL ACCOUNT
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000 (Note 5)	1999
INCREASE IN ASSETS		
Transfer from the complementary account	561	
Employee contributions	76 439	67 248
Employer contributions	150 853	119 179
Transfer from glazier and flat glass workers retirement fund	56	409
Earnings of funds entrusted to the Caisse de dépôt et placement du Québec	146 990	122 299
Other interest income	1 553	1 150
Change in the fair value of investments	45 416	431 133
	421 868	741 418
DECREASE IN ASSETS		
Premiums and contributions paid to the complementary account	24 869	
Lump-sum benefits and contribution refunds	17 859	36 729
Expenses charged by the General Fund	10 186	8 711
Transfer to the pensioners' account	284 400	283 562
Transfer of unclaimed property to the Public Curator	5 241	
Administrative expenses	165	
	342 720	329 002
NET INCREASE FOR THE YEAR	79 148	412 416
NET ASSETS AVAILABLE FOR BENEFITS – BEGINNING OF YEAR		
Previously established balance	3 500 353	3 087 937
Adjustment		
Charge of administrative expenses by the General Fund (Note 5)	(4 635)	
	3 495 718	3 087 937
NET ASSETS AVAILABLE FOR BENEFITS – END OF YEAR	3 574 866	3 500 353

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
SUPPLEMENTAL PENSION PLAN FUND

GENERAL ACCOUNT
NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 7.1)	3 599 743	3 507 444
Investments and accrued interest (Note 7.2b)	3 778	29 632
	3 603 521	3 537 076
Accounts receivable		
Employee contributions	6 165	5 308
Employer contributions	12 504	10 692
	18 669	16 000
	3 622 190	3 553 076
LIABILITIES		
Outstanding cheques less cash on hand	5 267	375
Employer and employee contributions refundable and lump-sum benefits payable	5 592	16 261
Transfer to the pensioners' accounts	36 465	36 087
	47 324	52 723
NET ASSETS AVAILABLE FOR BENEFITS (Note 13)	3 574 866	3 500 353

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
SUPPLEMENTAL PENSION PLAN FUND

PENSIONERS' ACCOUNT
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
INCREASE IN ASSETS		
Earnings of funds entrusted to the Caisse de dépôt et placement du Québec	131 992	108 053
Other interest income	828	456
Transfer from the general account	284 400	283 562
Transfer from the complementary account	37 401	33 893
Change in the fair value of investments	37 584	374 854
	492 205	800 818
DECREASE IN ASSETS		
Lump-sump benefits and pensions	338 804	309 803
NET INCREASE FOR THE YEAR	153 401	491 015
NET ASSETS AVAILABLE FOR BENEFITS – BEGINNING OF YEAR	3 173 391	2 682 376
NET ASSETS AVAILABLE FOR BENEFITS – END OF YEAR	3 326 792	3 173 391

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
SUPPLEMENTAL PENSION PLAN FUND

PENSIONERS' ACCOUNT
NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 7.1)	3 237 937	3 096 582
Investments and accrued interest (Note 7.2b)	48 332	37 605
	3 286 269	3 134 187
Accounts receivable		
Transfer from the general account	36 465	36 087
Transfer from the complementary account	6 020	4 760
	42 485	40 847
	3 328 754	3 175 034
LIABILITIES		
Outstanding cheques less cash on hand	76	129
Lump-sum benefits and pensions payable	1 886	1 514
	1 962	1 643
NET ASSETS AVAILABLE FOR BENEFITS (Note 13)	3 326 792	3 173 391

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
SUPPLEMENTAL PENSION PLAN FUND

COMPLEMENTARY ACCOUNT
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
INCREASE IN ASSETS		
Premiums and contributions received from the general account	24 869	
Employee contributions	87 376	70 014
Earnings of funds entrusted to the Caisse de dépôt et placement du Québec	48 405	38 866
Other interest income	816	564
Change in the fair value of investments	12 993	132 288
	174 459	241 732
DECREASE IN ASSETS		
Transfer to the general account	561	
Lump-sum benefits and contribution refunds	42 453	13 404
Transfer to the pensioners' account	37 401	33 893
Expenses charged by the General Fund	192	192
	80 607	47 489
NET INCREASE FOR THE YEAR	93 852	194 243
NET ASSETS AVAILABLE FOR BENEFITS – BEGINNING OF YEAR	1 126 076	931 833
NET ASSETS AVAILABLE FOR BENEFITS – END OF YEAR	1 219 928	1 126 076

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
SUPPLEMENTAL PENSION PLAN FUND

COMPLEMENTARY ACCOUNT
NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 7.1)	1 233 731	1 123 377
Investments and accrued interest (Note 7.2b)	7 642	8 493
	1 241 373	1 131 870
Accounts receivable		
Employee contributions	7 298	5 650
	1 248 671	1 137 520
LIABILITIES		
Lump-sum benefits and pensions payable	22 723	6 684
Transfer payable to the pensioners' account	6 020	4 760
	28 743	11 444
NET ASSETS AVAILABLE FOR BENEFITS	1 219 928	1 126 076

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

BASIC INSURANCE PLANS FUND

CHANGES IN EQUITY
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Employer contributions	107 461	85 618
Optional employee contributions	5 083	4 479
premiums received from supplemental insurance plans	3 142	1 494
Investment income	24 063	9 546
	139 749	101 137
USE OF FUNDS		
Claims	86 381	67 333
Tax on capital	2 243	1 798
Management fees for claims and premiums	1 506	1 546
Increase in actuarial liabilities	21 341	10 012
	111 471	80 689
INCREASE IN EQUITY	28 278	20 448
EQUITY, BEGINNING OF YEAR		
Previously established balance	48 701	30 040
Adjustment of actuarial liability (Note 5)	4 587	2 800
Adjusted balance	53 288	32 840
EQUITY, END OF YEAR	81 566	53 288

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

BASIC INSURANCE PLANS FUND

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999 (Note 5)
ASSETS		
Investments and accrued revenue (Note 7.2a and 8)	223 314	176 657
LIABILITIES		
Outstanding cheques less cash on hand	1 991	5 422
Claims payable	510	262
Accounts payable	1 676	1 404
Unused optional insurance contributions	369	420
Actuarial liability (Note 14)	137 202	115 861
	141 748	123 369
EQUITY		
Reserve linked to health management program (Note 15)	6 674	4 587
Unappropriated equity	74 892	48 701
	81 566	53 288
	223 314	176 657

On behalf of the Board of Directors,
André Ménard
Robert Brown

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

SUPPLEMENTAL INSURANCE PLANS FUND

CHANGES IN EQUITY

for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
SOURCE OF FUNDS		
Employer contributions	5 872	4 033
Investment income	2 140	830
	8 012	4 863
USE OF FUNDS		
Insurance premium transferred to basic plans	3 142	1 494
Tax on capital	117	83
Expenses charged by the General Fund	142	113
Increase in provisions for eventual premiums	448	1 954
	3 849	3 644
INCREASE IN EQUITY	4 163	1 219
EQUITY, BEGINNING OF YEAR	10 834	9 615
EQUITY, END OF YEAR	14 997	10 834

BALANCE SHEET

as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Investments and accrued revenue (Notes 7.2a and 8)	18 833	14 188
LIABILITIES		
Accounts payable	49	16
Provisions for eventual premiums (Note 16)	3 787	3 338
	3 836	3 354
EQUITY (Note 17)	14 997	10 834
	18 833	14 188

On behalf of the Board of Directors,
André Ménard
Robert Brown

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Commission de la construction du Québec was established by the Act respecting labour relations, vocational training and manpower management in the construction industry (R.S.Q., c. R-20). It is responsible for applying the collective agreements and all fringe benefit plans, as well as for vocational training and manpower management in the construction industry.

To this end, the Commission administers eight trust funds, the Supplemental Pension Plan Fund and the Insurance Plans Fund. The General Fund was established to report on the Commission's operations related to the application of the collective agreements concluded by virtue of the Act respecting labour relations, vocational training and manpower management in the construction industry. This includes the administration of any complementary social benefits plan and other functions conferred upon the Commission by the Act.

2. PURPOSE AND DESCRIPTION OF THE TRUST FUNDS AND PLANS ADMINISTERED BY THE COMMISSION

2.1 Purpose of the trust funds

a) Holiday and Vacation Pay Fund

This fund reports on holiday and vacation pay as well as on the interest earned on behalf of employees of the construction industry in accordance with the applicable collective agreements.

b) Back Pay Fund

This fund reports on salary claims made by the Commission on behalf of construction industry employees under section 81 of the Act respecting labour relations, vocational training and manpower management in the construction industry.

c) Employer Contributions Fund

This fund reports on employer contributions on behalf of the employers' association under section 40 of the Act respecting labour relations, vocational training and manpower management in the construction industry.

d) Union Assessment Fund

This fund reports on the union assessment deducted from the salaries of employees of the construction industry under section 38 of the Act respecting labour relations, vocational training and manpower management in the construction industry.

e) Special Compensation Fund

This fund reports on employer contributions used to compensate construction industry employees for the loss of wages and fringe benefits as a result of employer insolvency or when called upon for jury duty, in accordance with the collective agreements for employees of the construction industry.

f) Eligibility Fund

This fund reports on employer contributions used to compensate employees for the costs incurred to renew their competency certificate issued by the Canadian Welding Bureau, in accordance with the collective agreements for employees of the construction industry. The eligibility funds for mechanics, locksmiths, erectors, linemen, reinforcing steel erectors, electricians, tinsmiths, boilermakers, pipefitters and pipe welders have been grouped for the purpose of financial statement presentation.

g) Training Plan Fund –Institutional-Commercial, Industrial and Civil Engineering Work Sector

This fund reports on employer contributions used to finance the training plan fund for the institutional-commercial, industrial, civil engineering and public works sector, in accordance with the collective agreements for employees of the construction industry.

2. PURPOSE AND DESCRIPTION OF THE TRUST FUNDS AND PLANS ADMINISTERED BY THE COMMISSION (cont'd)

2.1 Purpose of the trust funds (cont'd)

h) Training Plan Fund –Residential Sector

This fund records the employer contributions used to finance the training plan fund for the residential sector, in accordance with the collective agreements for employees of the construction industry.

2.2 Description of the supplemental pension plan

The following description of the supplemental pension plan for employees of the Québec construction industry is given as a matter of information. For more complete information concerning this plan, please consult the Regulation respecting complementary social benefits plans in the construction industry (R-20, r.14.01) published in the *Gazette officielle du Québec*.

a) General Information

The supplemental pension plan is a defined contribution and benefit inter-enterprise pension plan. It was established by the fringe benefits committee for the construction industry to replace previous plans, effective January 1, 1976.

A pension fund was established to collect employee and employer contributions to cover the cost of benefits payable under the supplemental pension plan.

The fund is comprised of three separate accounts: the general account, the pensioners' account and the complementary account.

The general account is funded by employer and employee contributions paid according to a general formula applicable to all participants; the complementary account is funded by contributions paid by participants according to specific formulas based on the trade or occupation.

The general account is a defined benefit provision and provides for the accumulation of pension benefits on the basis of the adjusted number of hours worked. The complementary account is a defined contribution provision and the pension payable is equal to the amount of the basic pension corresponding to the accumulated retirement value of contributions on the date benefits become payable.

These accounts provide for the payment of death and severance benefits for non-retired contributors. When a contributor retires, a portion of assets from the general and complementary accounts is transferred to the pensioners' account to provide for the lifetime annuity payable to the pensioner or the pensioner's spouse.

The pensioners' account is augmented by revenues generated by its own assets.

b) Funding

Employee contributions to the general account are established at $0.80 per hour worked. The employer's contribution is of $1.625 per hour.

Employee contributions to the complementary account vary from $0.23 to $2.25 per hour worked. The contribution paid by the employer is limited to that established for the general account.

Since the plan's inception, employee contributions to the general account have increased from $0.05 to $0.80 per hour worked and the employer's contribution, from $0.04 to $1.625 per hour worked. Supplementary employee contributions to the complementary account have ranged from $0.20 to $2.25 per hour worked since the plan's inception.

2. PURPOSE AND DESCRIPTION OF THE TRUST FUNDS AND PLANS ADMINISTERED BY THE COMMISSION (cont'd)

2.2 Description of the supplemental pension plan (cont'd)

c) Retirement Benefits

Contributors are entitled to benefits without any actuarial reduction at the age of 65, at the age of 60 if the sum of their age and hours worked divided by 1,400 is equal to or higher than 70, or at the age of 55 if the sum of their age and hours worked divided by 1,400 is equal to or higher than 80 and the sum of their age and years of service is equal to or higher than 80.

In the case of contributors who are 55 years of age and the sum of their age and hours worked divided by 1,400 is equal to or higher than 80 but the sum of their age and years of service is less than 80, only the portion of the pension payable for hours worked after 1991 is reduced by 1/4% per month for the months between the date of the contributor's retirement and date on which the sum of his/her age and years of service would have been equal to 80 had the contributor continued to accumulate years of service.

Contributors who have accumulated at least 2,800 hours of work are entitled to an early retirement pension with actuarial reduction at the age of 55, or at the age of 50 if the sum of their age and hours worked divided by 1,400 is equal to or greater than 60.

The pension is equal to the total of the pension payable under the general account, plus the related supplement, and the pension payable under the complementary account.

The pension payable under the general account is equal to the basic pension resulting from the contributor's adjusted hours worked according to the basic pension rates stipulated in Schedule II of the Regulation. A 12.5% supplement is applicable to buy outs occurring in 2001.

The pension payable under the complementary account is equal to the basic pension determined by the accumulated retirement value of contributions, including interest, upon the contributor's retirement.

Contributors who retire before the age of 65 may choose to receive an enriched annuity in order to subsequently receive a reduced pension at the age of 65.

Pensions, pension rates per 1,000 adjusted hours worked and the supplemental pension rate are subject to annual adjustments determined by the Commission following an actuarial valuation of the supplemental pension plan.

d) Disability Pension

If a contributor who is at least 50 years of age and has accumulated 21,000 hours of work becomes totally disabled, he/she is entitled to receive a disability pension beginning the 53rd week following the date on which disability began. Where applicable, the amount of the pension payable under the general account is reduced by 1/4% per month between the date of retirement and the closest date to when the contributor would have been eligible for a pension without any actuarial reduction. The disability pension continues to be payable even if there is no longer disability.

e) Death Benefits

If a contributor dies before retiring and before accumulating 2,800 hours of work, the eligible surviving spouse receives a lump-sum payment equal to the accumulated retirement value of contributions, to the general and complementary accounts. If the contributor has accumulated at least 2,800 hours, the eligible surviving spouse receives a lump-sum payment equal to the actuarial value of the contributor's accrued pension.

When a retiree dies before having received 60 monthly instalments, the spouse receives a pension equal to 100% of the pension the retiree received until a total of 60 monthly instalments have been paid to the retiree and the spouse. After this time, the pension payable to the spouse is reduced to 60% of the pension received by the retiree (50% if, at the time the contributor retired, the spouse, renounced the 60% joint life annuity).

2. PURPOSE AND DESCRIPTION OF THE TRUST FUNDS AND PLANS ADMINISTERED BY THE COMMISSION (cont'd)

2.2 Description of the supplemental pension plan (cont'd)

e) Death Benefits (cont'd)

When a retiree dies after having received 60 monthly instalments, the spouse receives a pension equal to 60% of the pension the retiree received (50% if, at the time the contributor retired, the spouse, renounced the 60% joint life annuity).

If a retiree dies without a spouse and before having received 60 monthly instalments, the designated beneficiary receives a lump-sum benefit equal to the actuarial value of the balance of the 60 monthly instalments guaranteed at the time of retirement.

f) Severance Benefits

Contributors who have not reached normal retirement age are entitled to severance benefits when 24 consecutive months have gone by without any hours being credited to their account.

Contributors who have accumulated less than 2800 hours of work are entitled to a lump-sum payment equal to the accumulated value of contributions to the general and complementary accounts.

Contributors who have accumulated at least 2800 hours of work are entitled to a deferred pension, payable as of the contributor's normal retirement date or early retirement date, depending on the plan provisions.

However, until the contributor becomes eligible for normal or early retirement, he/she can ask to have the actuarial value of the deferred pension or the amount of the lump-sum payment to which he/she is entitled transferred to another authorized retirement savings plan.

2.3 Purpose of the insurance plans

A group insurance fund was established to collect premiums and provide for the payment of benefits and compensation under the insurance plans, as well as premiums required to uphold all insurance contracts underwritten by the Commission in relation to complementary social benefits plans.

Supplemental group insurance funds were established to collect the additional contributions for employees who perform a specific trade or group of trades and to provide for the payment of premiums and expenses related to the supplemental insurance plan.

As at December 31, 2000, the following trades and occupations participate in the supplemental group insurance plans: electricians, roofers, tinsmiths, pipefitters and pipe welders, refrigeration mechanics, fire protection mechanics and linemen.

Since 1998, the collective contingency fund for basic insurance plans pays for the additional coverage provided for in the supplemental plan, in exchange for payment of an insurance premium for each person insured under such a supplemental plan. This premium is established at the beginning of the year following the coverage period.

3. ACCOUNTING POLICIES

The financial statements of the Commission were prepared by management in accordance with the accounting policies disclosed below. These statements include amounts based on best estimates and judgments.

3.1 Supplemental Pension Plan Fund

The financial statements of the Supplemental Pension Plan Fund were prepared on the accrual basis.

a) Investments

Investments are recorded at fair value. The fair value of participating units in individual funds of the Caisse de dépôt et placement du Québec is determined by the latter.

3. ACCOUNTING POLICIES (cont'd)

3.1 Supplemental Pension Plan Fund (cont'd)

b) Administrative Expenses

Expenses related to the administration of the pensioners' account of the Supplemental Pension Plan Fund and the basic insurance plans are paid out of the general account of the Supplemental Pension Plan Fund.

3.2 General Fund, Trust Funds and Insurance Plans

a) Investments

Investments are recorded at cost, except for bonds, which are recorded at amortized cost.

b) Currency conversion

The cost of investments is converted at the exchange rate in effect they day they were acquired.

The fair value of the investments is concerted to Canadian dollars at the exchange rate in effect at the end of the fiscal year.

Investment income is converted at the exchange rate in effect on the transaction date.

c) Employer Contributions Receivable

Amounts payable by employers and accumulated at December 31 are entered as accounts receivable.

d) Fixed Assets

Fixed assets are recorded at cost and depreciated over their expected useful life on a straight-line basis at the following annual rates:

Buildings	2 1/2%
Building fit-up	20%
Office furniture and equipment	10%
Data processing equipment	20%
Computer software	33 1/3%
Leasehold improvements	25%

e) Leases

When, according to the terms of a lease, virtually all the advantages and risks of ownership are transferred to the Commission, the asset and obligation arising from a capital lease are recorded at the present value of future instalments, as though the asset had been purchased and a loan contracted. Assets covered by capital leases are amortized using the same method as for other fixed assets.

Rent under the terms of an operating lease is charged to operations.

f) Deferred income

The inducements granted the Commission by lessors, for the rental of administrative offices, are posted to deferred income and amortized according to the straight-line method over the duration of the leases, i.e. 5 years. The amortization is recorded as a reduction in the rental cost.

g) Cash and cash equivalents

The Commission's policy consists in presenting under cash and cash equivalents bank balances and bank overdrafts and short-term investments that can easily be converted and that mature within three months.

3. ACCOUNTING POLICIES (cont'd)

3.2 General Fund, Trust Funds and Insurance Plans

h) Future fringe benefits

The Commission offers its employees defined-benefit pension plans and complementary pension benefits.

For defined-benefit plans, the Commission has adopted the following accounting policies:

The cost of pension benefits and complementary pension benefits earned by employees is established using actuarial calculations according to the projected benefit method pro rated on services and charged to results as the services are rendered by the employees. The calculations reflect management's assumptions as to the most probable projected yield of pension plan investments, wage progression, employees' retirement age, contributor mortality rates and projected health care costs.

For the purposes of determining the yield projected for the pension plan assets, these assets are evaluated at their fair value.

The surplus of the net actuarial gain or the net actuarial loss over 10% of the obligation as accrued benefits, or over 10% of the fair value of the plan's assets, if the latter amount is higher, is amortized over the remaining duration of the average activity of active employees.

i) Payments to employees from the Special Compensation Fund

Compensation is entered upon proof of employer insolvency.

j) Salaries and fringe benefits

Salaries and fringe benefits are recorded on the accrual basis.

k) Service fees, claims, fines, penalties and recovered compensation

In the General Fund, service fees, claims against employers, fines and penalties are recorded when received, as is compensation recovered by the Special Compensation Fund.

l) Employer and employee contributions, vacation pay, claims against employers

These trust fund and insurance plan revenues are recorded when cashed.

m) Transfers and charges

Charges by the General Fund are determined annually by the Commission for amounts it deems necessary to pay for administering the Training Plan Fund, the supplemental pension plan and the insurance plans.

Expenses related to the administration of certain trust funds are paid out of the General Fund.

The Commission transfers, for its administration, the interest and unclaimed compensation from the Holiday and Vacation Pay Fund for those beneficiaries who remain unidentified after three years on January 1 of a given year, as well as funds kept in trust for salary claims on behalf of employees who remain unidentified after three years on December 31 of a given year.

n) Training Fund – estimated cost of training activities

These estimates include a provision for the cost of carrying out training activities related to the residential sector, whose general and specific rules for using the Training Plan Fund - Residential Workers will be defined during the next fiscal year. The amount of this provision is likely to vary after these rules have been concluded.

4. CHANGES IN ACCOUNTING POLICIES –GENERAL FUND

Pension benefits and other types of future fringe benefits

Without reworking the financial statements of previous years, the Commission retroactively adopted the Canadian Institute of Chartered Accounts' new recommendations for recording pension benefits and other type of future fringe benefits. According to the new recommendations, the costs of complementary pension benefits are recorded according to the accrual basis. Previously, costs were charged to results as the amounts were paid. Moreover, the new recommendations also require a change in the capitalization rate used to evaluate the obligations related to pension benefits and the cost of current service, which changes from a long-term to a market interest rate.

The adoption of these new recommendations increases (decreases) the following items of the financial statements:

	2000
Revenue and expenditure	
Employee remuneration and personnel management	1 946
Excess of revenue over expenditure	(1 946)
Balance sheet	
Liabilities for benefits accrued under future fringe benefits	26 989
Fund balance	(26 989)

Accumulated vacation time

The obligations resulting from vacation time accumulated by Commission employees at the end of the year are recorded as liabilities under Accounts receivable and accruals. The annual change in this provision is posted to expenditures for the year. Formerly, these expenditures were recorded to operations for the fiscal year in which the employees used their holidays.

This change, applied retroactively with adjustment to the figures of past fiscal years, increases (decreases) the following items of the financial statements:

	2000	1999
Revenue and expenditure		
Employee remuneration and personnel management	291	(38)
Excess of revenue over expenditure	(291)	38
Balance sheet		
Accounts payables and accrued expenses	2 141	1 850
Fund balance	(2 141)	(1 850)

5. ADJUSTMENTS TO PAST FISCAL YEARS

Reserve for the health management program –basic insurance plan

Corrections were made to fiscal 1999 to reclassify a reserve for the health management program, previously posted as an actuarial liability. The financial statements for the year ending December 31, 1999 were adjusted, thereby increasing (decreasing) the following items of the financial statements:

	2000	1999
Balance sheet		
Actuarial liabilities	(6 674)	(4 587)
Equity – reserve for the health management program	6 674	4 587
Change in equity		
Increase in actuarial liabilities	(2 087)	(1 787)
Increase in equity	2 087	1 787
Equity, beginning of year	4 587	2 800
Equity, end of year	6 674	4 587

Recording of administrative expenses

Corrections were made to the recording of General Fund expenses to certain trust funds to the Supplemental Pension Plan Fund, given the changes in accounting policies adopted by the Commission.

This adjustment, which was applied without reworking the financial statement of the fiscal year ended December 31, 1999, increases (decreases) the following items of the financial statements:

General Fund

	2000
Balance sheet	
Investments	5 123
Fund balance	5 123

Holiday and Vacation Pay Fund

Balance sheet	
Investments	(428)
Change in assets	
Assets, end of year	(428)

5. ADJUSTMENTS TO PAST FISCAL YEARS (cont'd)

Recording of administrative expenses (cont'd)

Training Plan Fund – Institutional-Commercial, Industrial and Civil Engineering Work Sector

	2000
Balance sheet	
Investments	(60)
Change in assets	
Equity, end of year	(60)

Supplemental Pension Plan Fund – General Account

Balance sheet	
Investments	(4 635)
Changes in net assets available for benefits	
Net assets available for benefits, end of year	(4 635)

6. INVESTMENT INCOME - GENERAL FUND

The Commission's administrative regulations authorize it to use the interest earned on investments of the Back Pay, Employer Contributions, Union Assessment and Special Compensation funds for its administration. Income from these fund investments allocated to the General Fund and those from investments of the General Fund breaks down as follows:

	2000	1999
Back Pay Fund	54	47
Employer Contributions Fund	40	37
Union Assessment Fund	141	120
Special Compensation Fund	53	6
	288	210
General Fund	332	159
	620	369

7. INVESTMENTS

7.1 Funds Entrusted to the Caisse de dépôt et placement du Québec - at fair value

Supplemental pension plan funds entrusted to the Caisse de dépôt et placement du Québec break down as follows:

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

7. INVESTMENTS (cont'd)

7.1 Funds entrusted to the Caisse de dépôt et placement du Québec - at fair value (cont'd)

	2000	1999
General account		
Demand deposits *	6 000	1
Participation deposits **	3 571 915	3 398 291
Revenue receivable from the individual fund	21 828	109 152
	3 599 743	3 507 444
Pensioners' account		
Advances from the Caisse de dépôt et placement du Québec ***	(12 999)	
Participation deposits **	3 231 499	3 001 166
Revenue receivable from the individual funds	19 437	95 416
	3 237 937	3 096 582
Complementary account		
Demand deposits *	5 001	3
Participation deposits **	1 221 365	1 093 761
Revenue receivable from the individual fund	7 365	29 613
	1 233 731	1 123 377
	8 071 411	7 727 403

* In the General Fund of the Caisse.

** The participating units in individual funds of the Caisse, held for each supplemental insurance plan, are expressed in units. These units are refundable with advance notice according to the Caisse's terms and conditions of settlement, at the fair value of the net equity of the individual fund at the end of each quarter. At the end of each quarter for an individual fund, the Caisse allocates to the Commission the net investment income, gains and losses resulting from the sale of investments.

*** Advances at the daily call rate plus 5 basis points, repayable on demand.

7.2 Investments and accrued revenue

a) General Fund, trust funds and insurance plans - at cost

	2000		1999	
	Cost	Fair value	Cost	Fair value
Cash on hand	30 310	30 310	64 656	64 656
Term deposits (a)	125 806	125 806	92 831	92 831
Bonds (b)	323 679	323 262	178 779	172 944
Shares	13 762	13 282		
Indicial holdings – TSE-100			67 435	78 316
Broker's account (c)	533	533		
Accrued interest	7 167	7 167	3 195	3 195
TOTAL	501 257	500 360	406 896	411 942

7. INVESTMENTS (cont'd)

7.2 Investments and accrued revenue (cont'd)

a) General Fund, trust funds and insurance plans - at cost (cont'd)

(a) Maturing no later than August 16, 2001 at interest rates varying from 5.74% to 6.35%.
(b) The weighted average bond term is 6.08 years and the actual rate of return is 6.16%.
(c) Corresponds to the broker's margin for the compensation of appreciation or depreciation on futures contracts.

Investments and accrued revenue break down as follows:

	2000	1999
General Fund	15 631	4 691
Holiday and Vacation Pay Fund	121 648	109 698
Back Pay Fund	653	1 014
Employer Contributions Fund	925	1 208
Union Assessment Fund	2 620	3 980
Special Compensation Fund	1 444	489
Eligibility Fund	1 387	893
Training Plan Fund –Institutional-Commercial, Industrial and Civil Engineering Work Sectors	102 271	84 253
Training Plan Fund –Residential Sector	12 531	9 825
Basic insurance plans	223 314	176 657
Supplemental insurance plans	18 833	14 188
	501 257	406 896

b) Supplemental pension plan - at fair value

	2000		1999	
	Cost	Fair value	Cost	Fair value
Cash on hand	11 720	11 720	20 607	20 607
Term deposits (a)	14 739	14 739	25 814	25 814
Bonds (b)	32 516	32 634	28 671	28 419
Accrued interest	659	659	890	890
	59 634	59 752	75 982	75 730

(a) Maturing no later than August 16, 2001 at interest rates varying from 5.74% to 6.35%.
(b) The weighted average bond term is 6.08 years and the actual rate of return is 6.16%.

7. INVESTMENTS (cont'd)

7.2 Investments and accrued revenue (cont'd)

b) Supplemental pension plan - at fair value (cont'd)

Investments and accrued interest break down as follows:

	2000	1999
Supplemental pension plan - general account	3 778	29 632
Supplemental pension plan - pensioners' account	48 332	37 605
Supplemental pension plan - complementary account	7 642	8 493
	59 752	75 730

8. OFF-BALANCE SHEET DERIVATIVE FINANCIAL INSTRUMENTS

To manage its investments, the Commission uses various derivative financial instruments for adjustment or covering purposes.

The table below presents the notional reference amounts and fair values of the Commission's derivative financial instruments:

	2000		1999	
	Notional reference amount	Fair value	Notional reference amount	Fair value
Future contracts on stock market indices				
Long position	70 988	(1 470)	63 299	15
Short position	9 999	1 803		
Forward exchange contracts				
Short position	28 162	(98)		
Interest rate swap agreements	38 000	(848)		
Saw agreement on stock market index	76 489			
	223 638	(613)	63 299	15

The fair value reflects the estimated amounts that the Commission will receive where favourable contracts are settled or will have to pay to terminate unfavourable contracts on the dates the financial data was presented. The Commission's security brokers' or bankers' rates are available for these future contracts on stock market indices, exchange contracts and interest and stock market swaps.

The Commission deals only with reputable financial institutions, so that the credit risk is virtually zero. Exchange risks related to investments denominated in foreign currency are covered by forward exchange contracts.

Two treasury bills, one for $2 500 000 maturing May 24, 2001 and the other for $500 000 maturing March 15, 2001 guarantee the futures contracts.

9. FIXED ASSETS

	2000			1999
	Cost*	Accumulated depreciation	Net	Net
Land	672		672	672
Buildings	8 718	4 815	3 903	4 121
Building fit-up	1 758	647	1 111	860
Furniture and equipment	7 102	5 913	1 189	1 023
Data processing equipment	9 195	8 216	979	701
Computer software	2 883	2 602	281	145
Leasehold improvements	377	311	66	105
	30 705	22 504	8 201	7 627
Data processing equipment under capital leases	365	223	142	353
	31 070	22 727	8 343	7 980

* Gouvernement du Québec subsidies paid to help fight black-market labour are applied against the cost of fixed assets and break down as follows:

	2000			1999
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	404	106	298	310
Data processing equipment	1 166	476	690	675
Computer software	312	209	103	101
Leasehold improvements	63	48	15	32
	1 945	839	1 106	1 118

10. LONG-TERM DEBT

	2000	1999
Commitment under a capital lease, 7.19%, maturing in 2001	27	94
Commitment under a capital lease, 6.84%, maturing in 2002	80	137
Commitment under a capital lease, 9.453%, maturing in 2000		150
Mortgage, secured by a building with a net book value of $2 240 630, repayable in quarterly principal instalments of $50 000, monthly interest rate set according to the cost of funds with the financial institution plus 1% and the balance at maturity, April 30, 2001		1 300
Amounts carried forward	107	1 681

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

10. LONG-TERM DEBT (cont'd)

	2000	1999
Amounts brought forward	107	1 681
Mortgage, secured by a building with a net book value of $437 296, repayable in monthly instalments of $3 441, including principal and interest, fixed interest of 8.25% for one year, maturing March 1, 2005		249
	107	1 930
Instalments due within one year	88	497
	19	1 433

Payments of principal on the long-term debt for the next fiscal years, given the above-mentioned renewal, are as follows:

2001	88
2002	19
	107

Minimum payments required on commitments under capital leases are as follows:

2001	92
2002	19
Total minimum payments required	111
Amount of interest included in total minimum payments required	4
	107

11. CASH FLOWS

	2000	1999
Change on non-cash elements of the Working Capital Fund		
Increase in withdrawals receivable	(280)	(491)
Increase in accounts receivable	(472)	(118)
Change in subsidy receivable from the Gouvernement du Québec	110	(6 171)
Change in prepaid expenses	(166)	106
Change in accounts payable and accruals	(547)	1 318
Increase in deferred income	365	
Increase in deferred Gouvernement du Québec subsidy	311	6 454
	(679)	1 098

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

11. CASH FLOWS (cont'd)

The cash and cash equivalents shown in the cash flow statement for the General Fund include the following amounts recorded in the balance sheet:

	2000	1999
Cash on hand	79	
Investments and accrued revenue *	4 610	1 383
Outstanding cheques less cash on hand		(424)
	4 689	959

* These investments and accrued revenue are those maturing within three months.

The interest paid by the Commission totalled $519 139 ($484 858 in 1999).

12. EQUITY OF THE ELIGIBILITY FUNDS

The eligibility funds have been grouped into a single fund for the purpose of financial statement presentation. As at December 31, the equity of each fund is as follows:

	2000	1999
Eligibility Fund – Mechanics	66	35
Eligibility Fund – Locksmiths	57	49
Eligibility Fund – Erectors, linemen	33	13
Eligibility Fund – Reinforcing steel erectors	32	18
Eligibility Fund – Electricians	387	243
Eligibility Fund – Tinsmiths	110	73
Eligibility Fund – Boilermakers	96	62
Eligibility Fund – Pipefitters and pipe welders	606	400
	1 387	893

13. COMMITMENTS AND NET ASSETS AVAILABLE FOR BENEFITS UNDER THE SUPPLEMENTAL PENSION PLAN

The accounting firm Groupe-conseil Aon established the value of commitments under the general account and the pensioners' account using data as at January 1, 2000, provided by the Commission. The actuarial valuation was extrapolated to December 31, 2000. The complementary account is not included in the valuation, since this part of the plan is a defined contribution provision.

Commitments were determined using the accumulated benefit method, whereby commitments correspond to the actuarial present value, i.e. at the time of valuation, of pension claims and other benefits payable based on adjusted hours accumulated at that time.

According to this valuation, the actuarial commitments of this plan towards contributors are as follows:

	2000	1999
General account	3 641 093	3 241 226
Pensioners' account	3 024 435	2 769 360
Commitments	6 665 528	6 010 586

13. COMMITMENTS AND NET ASSETS AVAILABLE FOR BENEFITS UNDER THE SUPPLEMENTAL PENSION PLAN (cont'd)

The actuarial present value of net assets available for benefits was established so as to reflect long-term market trends. This valuation is based on a method whereby the actuarial present value of assets is determined based on the difference between the real and anticipated market values of investments over the previous two years.

Actuarial present value of assets:

	2000	1999
Net assets available for benefits		
General account	3 574 866	3 500 353
Pensioners' account	3 326 792	3 173 391
	6 901 658	6 673 744
Fair value changes not reflected in actuarial value of net assets	80 076	(600 194)
Actuarial value of net assets available for benefits	6 981 734	6 073 550

14. ACTUARIAL LIABILITIES OF INSURANCE PLANS

In accordance with a self-management system for the insurance plans of employees of the Québec construction industry, the plans assume a limited share of risks, certain insurance guarantees are obtained and the task of settling certain disputes is delegated.

In accordance with sections 100 to 103 of the Regulation respecting complementary social benefits plans in the construction industry, a consulting actuary carried out an actuarial valuation of the plans as at December 31, 2000 to confirm the solvability of the insurance plans.

Commitments under the plans were extrapolated to December 31, 2000. The Commission accounted for the required sums as follows:

	2000	1999
Commitment related to the next insurance period	55 153	41 231
Liability for hours in reserve	24 028	18 683
Reserve for committed benefits	20 610	16 704
Reserve for disability pensions	37 411	39 243
	137 202	115 861

15. RESERVE FOR HEALTH MANAGEMENT PROGRAM

Since 1998, contributions of 3¢/hour are paid into the basic plan fund in order to gradually set up a health management program. This program provides unconventional insurance coverage targeting prevention, customized measures and rehabilitation in order to rein in the increase in the cost of traditional coverage provided by the plans. The Commission committed to using these contribution to pay for the different current and future components implemented under the program.

15. RESERVE FOR THE HEALTH MANAGEMENT PROGRAM (cont'd)

	2000	1999
Opening balance	4 587	2 800
Net change in reserve over year	2 087	1 787
Closing balance	6 674	4 587

16. PROVISIONS FOR EVENTUAL PREMIUMS

At December 31, the supplemental insurance plans had commitments for future insurance periods. The sum of the commitments of these plans were assessed based on an actuarial projection enabling the Commission to give consideration for the following eventual premiums:

	2000	1999
Provisions related to the following insurance period	2 269	2 046
Provisions for hours in reserve	1 518	1 292
	3 787	3 338

17. EQUITY OF THE SUPPLEMENTAL INSURANCE PLANS

The insurance plans have been grouped into a single plan for the purpose of financial statement presentation. As at December 31, the equity of each plan is as follows:

	2000	1999
Electricians	9 565	7 397
Roofers	896	618
Tinsmiths	625	390
Pipefitters and pipe welders	2 869	1 912
Linemen	648	369
Fire protection mechanics	155	49
Refrigeration mechanics	239	99
	14 997	10 834

18. COMMITMENTS

The Commission is committed to long-term leases for office space expiring on various dates up to November 30, 2005. These leases include a five-year renewal option.

Lease payments for the year ended December 31, 2000, amount to $896 730 ($867 797 in 1999). The minimum lease payments for the next five years are as follows:

18. COMMITMENTS (cont'd)

	2000
2001	615
2002	415
2003	405
2004	375
2005	292
	2 102

19. CONTINGENCIES

Legal proceedings against the Commission, in the amount of $2 226 794, were under way on the date the financial statements were prepared. In some of these proceeding, the Commission's insurers took up its defence. On the basis of the information available, management is of the opinion that it is unlikely that its liability will be considered significant with regard to these proceedings in comparison with the Commission's financial position. Any payment by the Commission, where applicable, will be recorded to the charges for the fiscal year.

20. FRINGE BENEFITS OF COMMISSION DE LA CONSTRUCTION DU QUÉBEC EMPLOYEES

The supplemental pension plan for unionized employees of the Commission de la construction du Québec and the supplemental pension plan for nonunionized Commission employees are defined benefit plans and include guaranteed payments upon retirement and death. All permanent employees must contribute to the plans.

The Commission also offers its retirees defined-benefit health insurance and life insurance plans and retirement bonuses.

According to the actuarial calculations performed for fiscal 2000, the Commission's net charge is as follows:

	Pension plans	Other plans
Net charge	2 404	2 909

The information concerning the defined-benefit plans, taken collectively, and the liability for the benefits accrued under the plans is as follows at December 31:

	Pension plans	Other plans
Obligations for benefits accrued	179 456	27 833
Fair value of plan assets	216 561	
Capitalization situation – surplus (deficit)	37 105	(27 833)
Asset (liability) for benefits accrued minus the provision for depreciation in value		(26 989)

20. FRINGE BENEFITS OF COMMISSION DE LA CONSTRUCTION DU QUÉBEC EMPLOYEES (cont'd)

The amount recorded in the balance sheets under assets for benefits accrued under pension plans as at December 31, 2000 is decreased by a $36 876 000 provision for a depreciation in value.

The significant actuarial assumptions used by the Commission to evaluate its obligations under benefits accrued are the following (weighted average of assumption as at December 31).

	Pension plans	Other plans
Capitalization rate	7.00%	7.00%
Rate of return projected on plan assets, long-term	7.75%	
Remuneration growth rate	4.00 to 5.00%	

For evaluation purposes, the hypothetical annual growth rate of the cost of health care covered by participant was set at 12% for 2001. According to the assumption chosen, this rate should diminish by 1% annually to reach 5% in 2006 and then remain there.

The other information concerning the Commission's predefined benefit plans is as follows:

	Pension plans		Other plans
	2000	1999	2000
Employer contributions	2 404	2 220	
Employee contributions	1 832	1 696	
Benefits paid	7 317	6 330	963

21. COMPARATIVE FIGURES

Certain 1999 figures were reclassified for consistency with the presentation adopted in 2000.

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
SUPPLEMENTAL PENSION PLAN FOR EMPLOYEES OF THE QUÉBEC CONSTRUCTION INDUSTRY OF QUÉBEC

ACTUARIAL VALUATION AS AT DECEMBER 31, 2000

ACTUARIAL OPINION

The Supplemental Pension Plan for Québec construction industry employees was evaluated at December 31, 2000, based on the Regulation in effect at the time, the basic pension rates, the percentage of the supplement defined by ruling CCQ-002782, which took effect on January 1, 2001, and data at January 1, 2000.

We certify that in our opinion,

a) At December 31, 2000, the pension fund posted surplus assets of $316 206 000, which subdivide into surplus assets of $30 340 000 in the general account and surplus assets of $285 866 000 in the pension account;

b) At December 31, 2000, the fund was solvent;

c) employee and employer contributions paid into the plan, i.e. $2.425 per hour worked, are sufficient to cover the plan commitments resulting from the application, for the year 2001, of the basic pension rate of $454/1 000 hours, the contributions for amortization and the provision for expenditures until the plan's next actuarial valuation.

d) the data on which this valuation is based are adequate and reliable;

e) the assumptions on which this valuation is based are appropriate;

f) the actuarial valuation methods used are appropriate.

This report and the opinions it contains were produced in accordance with generally accepted actuarial practices.

Claude Lockhead, FICA, ASA
Pierre Guérin, FSA

Montréal, January 26, 2001

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

ACTUARIAL CERTIFICATE CONCERNING THE BASIC INSURANCE PLANS FOR EMPLOYEES OF THE QUÉBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments to the basic insurance plans were valued as at December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion,

a) at December 31, 2000, the net assets of the basic plans were $58 464 000 higher than the sum of the commitments for the plans;

b) the contribution rate foreseen when the valuation report was tabled on March 13, 2001, i.e. $1.20/hour is sufficient to ensure the basic plans' solvency for the three-year period ending December 31, 2003.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for your consideration.

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

ACTUARIAL CERTIFICATE CONCERNING THE SUPPLEMENTAL INSURANCE PLAN FOR ELECTRICIANS WORKING IN THE QUÉBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments to the supplemental insurance plan for electricians were valued as December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion,

a) at December 31, 2000, the net assets of the supplemental insurance plan for electricians were $9 178 000 higher than the sum of the commitments for the plan;

b) the contribution rate foreseen when the evaluation report was tabled on March 13, 2001, i.e. $0.185/hour, is sufficient to ensure the solvability of the supplemental insurance plan for electricians for the three-year period ending December 31, 2003.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for your consideration,

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

ACTUARIAL CERTIFICATE CONCERNING THE SUPPLEMENTAL INSURANCE PLAN FOR ROOFERS WORKING IN THE QUÉBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments to the supplemental insurance plan for roofers was valued as December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion,

a) at December 31, 2000, the net assets of the supplemental insurance plan for roofers were $804 000 higher than the sum of the commitments for the plan;

a) the contribution rate foreseen when the valuation report was tabled on March 13, 2001, i.e. $0.20/hour is sufficient to ensure the solvability of the supplemental insurance plan for roofers for the three-year period ending December 31, 2003.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for your consideration.

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

ACTUARIAL CERTIFICATE CONCERNING THE SUPPLEMENTAL INSURANCE PLAN FOR TINSMITHS WORKING IN THE QUEBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments to the supplemental insurance plan for tinsmiths was valued as at December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion,

a) at December 31, 2000, the net assets of the supplemental insurance plan for tinsmiths were $552 000 higher than the sum of the commitments for the plan;

b) the contribution rate foreseen when the valuation report was tabled on March 13, 2001, i.e. $0.10/hour is sufficient to ensure the solvability of the supplemental insurance plan for tinsmiths for the three-year period ending December 31, 2003.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for your consideration,

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

ACTUARIAL CERTIFICATE CONCERNING THE SUPPLEMENTAL INSURANCE PLAN FOR LINEMEN WORKING IN THE QUÉBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments to the supplemental insurance plan for linemen were valued as at December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion:

a) at December 31, 2000, the net assets of the supplemental insurance plan for linemen were $534 000 higher than the sum of the commitments for the plan;

b) the contribution rate foreseen when the valuation report was tabled on March 13, 2001, i.e. $0.20/hour is sufficient to ensure the solvability of the supplemental insurance plan for linemen for the three-year period ending December 31, 2003.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for you consideration,

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

ACTUARIAL CERTIFICATE CONCERNING THE SUPPLEMENTAL INSURANCE PLAN FOR PIPEFITTERS AND PIPE WELDERS WORKING IN THE QUÉBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments of the supplemental insurance plan for pipefitters and pipe welders were evaluated as at December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion:

a) at December 31, 2000, the net assets of the supplemental insurance plan for pipefitters and pipe welders were $2 651 000 higher than the sum of the commitments for the plan;

b) the contribution rate foreseen when the valuation report was tabled on March 13, 2001, i.e. $0.195/hour is sufficient to ensure the solvability of the supplemental insurance plan for pipefitters and pipe welders for the three-year period ending December 31, 2003.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for you consideration,

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

ACTUARIAL CERTIFICATE CONCERNING THE SUPPLEMENTAL INSURANCE PLAN FOR FIRE PROTECTION MECHANICS WORKING IN THE QUÉBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments to the supplemental insurance plan for fire protection mechanics were valued as at December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion:

a) at December 31, 2000, the net assets of the supplemental insurance plan for fire protection mechanics were $138 000 higher than the sum of the commitments for the plan;

b) the contribution rate foreseen when the valuation report was tabled on March 13, 2001, i.e. $0.195/hour is sufficient to ensure the solvability of the supplemental insurance plan for fire protection mechanics for the three-year period ending December 31, 2003.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for you consideration,

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

ACTUARIAL CERTIFICATE CONCERNING THE SUPPLEMENTAL INSURANCE PLAN FOR REFRIGERATION MECHANICS WORKING IN THE QUÉBEC CONSTRUCTION INDUSTRY AND WHICH REFLECTS THE CHANGES DESCRIBED IN THE DOCUMENT DATED MARCH 13, 2001.

The commitments of the supplemental insurance plan for refrigeration mechanics were evaluated as at December 31, 2000. This valuation is based on the data and costs provided by the Commission.

In our opinion:

At December 31, 2000, the net assets of the supplemental insurance plan for refrigeration mechanics were $234 000 higher than the sum of the commitments for the plan.

This actuarial certificate is based on a valuation which was carried out using assumptions we consider adequate and appropriate, and methods which make use of sound actuarial principles.

Respectfully submitted for you consideration,

Groupe-conseil Aon
Claude Fréchette, FSA, FICA

March 30, 2001

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the General Fund of the Commission, the trust funds, the supplemental pension plan fund and insurance plans fund were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing the appropriate accounting policies as disclosed in Note 3 to the financial statements. The financial data contained in the remainder of the annual activity report concords with the information provided in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare accurate financial statements. The internal auditing department conducts periodic audits in ensure that the internal controls are adequate and applied uniformly on an ongoing by the Commission.

The Commission recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Board of Directors oversees the manner in which management carried out its responsibilities with regard to financial information and approves the financial statements. It is assisted in these duties by the auditing committee. This committee meets with management and the auditor, examines the financial statements and recommends that the Board of Directors approve them.

The actuaries of the firm Groupe-conseil Aon were named actuarial consultants by the Commission. Their role consisted in valuating the commitments and actuarial reserves indicated in the respective financial statements of the Supplemental Pension Plan Fund and the Insurance Plans Fund. They presented their conclusions to the Commission.

The Auditor General of Québec has conducted an audit of the financial statements of the General Fund of the Commission, the trust funds, the supplemental pension plan fund and insurance plans fund in accordance with generally accepted auditing standards, and his report states the nature and scope of his audits as well as his opinion.

André Ménard
President-Chief Executive Officer

May 11, 2001

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the General Fund of the Commission de la construction du Québec as at December 31, 2000, and the statements of revenue and expenditure and fund balance and of changes in cash flows for the year then ended.

I have also audited the balance sheets and statements of net assets available for benefits or of assets and liabilities of the trust funds, Supplemental Pension Plan Fund and Insurance Plan Fund administered by the Commission de la construction du Québec as at December 31, 2000, as well as the statements of changes in assets, equity, and net assets available for benefits of these funds for the year then ended.

Trust Funds:

Holiday and Vacation Pay Fund;
Back Pay Fund;
Employer Contributions Fund;
Union Assessment Fund;
Special Compensation Fund;
Eligibility Fund;
Training Plan Fund –Institutional-Commercial, Industrial and Civil Engineering Work Sector;
Training Plan Fund –Residential Sector;

Supplemental Pension Plan Fund:

General account;
Pensioners' account;
Complementary account;

Insurance Plans Fund:

Basic insurance plans;
Supplemental insurance plans.

These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission's funds and plans as at December 31, 2000, and the results of the operations and cash flows of the General Fund and the changes in assets, equity, and assets of the trust funds, and net assets available for the benefits of the Supplemental Pension Plans Fund and equity of the Insurance Plans Fund for the year then ended in accordance with the accounting policies disclosed in Note 3. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in accounting treatment of pension benefits, other types of future fringe benefits and accumulated vacation time disclosed in Note 4, these policies were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 11, 2001

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL
(R.S.Q., c. S-2.1)

INCOME AND EXPENDITURE
for the fiscal year ended December 31, 2000
(in thousands of dollars)

	2000	1999
INCOME		
Employers' assessments (Note 4)	1 725 830	1 703 300
Investment income and interest on assessments (Note 5)	833 796	868 566
Other income	1 774	2 905
	2 561 400	2 574 771
EXPENDITURE		
Compensation programs (Note 6)		
Benefits paid	1 261 063	1 196 486
Variation in actuarial liability (Note 19)	37 461	57 428
	1 298 524	1 253 914
For A Safe Maternity program (Note 7)		
Benefits paid	108 648	103 037
Variation in actuarial liability (Note 19)	2 399	4 559
	111 047	107 596
Prevention programs (Note 8)	92 124	87 608
Administrative expenses (Note 9)		
Fiscal year's expenses	348 069	325 835
Variation in actuarial liability (Note 19)	(5 678)	
	342 391	325 835
Funding of administrative tribunals (Note 10)		
Fiscal year's contributions	45 314	43 303
Variation in actuarial liability (Note 19)	(4 663)	
	40 651	43 303
Other expenses (Note 11)	26 714	15 221
Net increase in the provision for deviations in the real rate of return		6 199
	1 911 451	1 839 676
EXCESS INCOME OVER EXPENDITURE	649 949	735 095
CONSISTING OF:		
Result related to funding elements	144 030	429 646
Surplus related to the real rate of return	324 530	
Operating surplus for the current fiscal year (Note 12)	181 389	305 449

ACCUMULATED SURPLUSES
for the fiscal year ended December 31, 2000
(in thousands of dollars)

	2000				1999
	Consolidated (Deficits) as at Jan.1, 2000	Accumulated deviations related to the real rate of return	Other accumulated items	Total	Total
SURPLUSES (DEFICITS) AT THE BEGINNING					
Balance already established	(593 065)		150 895	(442 170)	(1 177 265)
Adjustments as at January 1, 2000 (Note 3)					
Entry in the actuarial liability of a provision related to future administrative expenses and future contributions to the funding of administrative tribunals	(594 588)			(594 588)	
Elimination of the provision for deviations in the real rate of return		725 307		725 307	
Entry of interest on the provision for assessment refunds		(25 955)		(25 955)	
ADJUSTED BALANCE	(1 187 653)	699 352	150 895	(337 406)	(1 177 265)
RESULT RELATED TO FUNDING ELEMENTS					
Employers' assessments					
Assessments related to funding	121 900	(158 691)	(39 436)	(76 227)	
Assessments related to the principal portion of the balance due on the Civil Service Superannuation Plan			4 627	4 627	4 321
Assessments related to the retrospective plan			(10 672)	(10 672)	(32 017)
	121 900	(158 691)	(45 481)	(82 272)	(27 696)
Interest related to the retrospective plan			(689)	(689)	(2 149)
Interest on accumulated surpluses (Deficits)	(65 434)	46 608	6 605	(12 221)	(86 696)
Change in assumption for the real rate of return as at January 1, 2000	255 348			255 348	
Operation of electronic commerce products and services			(16 136)	(16 136) *	(6 549)
Capping as at December 31 of the provision for deviations in the real rate of return					399 416
Amortization of the provision for deviations in the real rate of return					153 320
Amounts carried forward	311 814	(112 083)	(55 701)	144 030	429 646

ACCUMULATED SURPLUSES (cont'd)
for the fiscal year ended December 31, 2000
(in thousands of dollars)

	2000				1999
	Consolidated (Deficits) as at Jan.1, 2000	Accumulated deviations related to the real rate of return	Other accumulated items	Total	Total
Amounts brought forward	311 814	(112 083)	(55 701)	144 030	429 646
SURPLUS RELATED TO THE REAL RATE OF RETURN		324 530		324 530	
OPERATING SURPLUS FOR THE CURRENT FISCAL YEAR					
Surplus related to the current year's financial needs			83 430	83 430	79 328
Surplus related to the previous years' financial needs	97 959			97 959	226 121
	97 959		83 430	181 389	305 449
EXCESS INCOME OVER EXPENDITURE	409 773	212 447	27 729	649 949	735 095
SURPLUSES (DEFICITS) AT THE END	(777 880)	911 799	178 624	312 543	(442 170)

* This $16 135 955 amount corresponds to fiscal 2000 expenses (1999: $6 549 336) for the operation of electronic commerce products and services. This expense is applied in reduction of the $50 000 000 amount allocated for this end from the 1997 current year's operating surplus. After charging for this expense, the available balance to this end for the upcoming fiscal years stands at $22 022 803 (1999: $38 158 758).

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Cash	7 757	4 921
Assessments due and other receivables (Note 13)	352 996	415 555
Funds deposited in the Caisse de dépôt et placement du Québec (Note 14)	8 064 151	7 349 660
Real estate selling price balance (Note 15)	6 828	7 705
Fixed assets (Note 16)	30 588	31 645
	8 462 320	7 809 486
LIABILITIES		
Outstanding cheques	22 892	15 677
Accounts payable and accruals	43 944	33 627
Assessments collected in advance	31 703	34 169
Provision for sick leave, vacation time and assisted departures (Note 17)	73 878	70 284
Provision for assessment refunds (Note 18)	88 313	102 512
Deposits by employers personally liable for the payment of benefits	11 871	12 384
Balance due on the Civil Service Superannuation Plan		4 627
Provision for deviations in the real rate of return		725 307
Actuarial liability (Note 19)	7 877 176	7 253 069
	8 149 777	8 251 656
ACCUMULATED SURPLUS (DEFICITS)	312 543	(442 170)
	8 462 320	7 809 486

COMMITMENTS AND CONTINGENCY (Note 21)

For the Board of Directors,
Gilles Taillon
Henri Massé

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

COMPLEMENTARY NOTES
as at December 31, 2000
(in thousands of dollars)

1. INCORPORATION, FUNCTIONS AND FUNDING

The Commission de la santé et de la sécurité du travail is a legal person, as defined in the Civil Code, incorporated on March 13, 1980 under the Act respecting occupational health and safety (R.S.Q., c. S-2.1). According to the Act, the Commission is responsible for developing, proposing and implementing occupational health and safety policies to ensure a better work environment. It collects from employers the sums required for the application of this Act.

The Commission has entrusted the Institut de recherche Robert-Sauvé en santé et en sécurité du travail du Québec with the responsibility of developing, co-ordinating and conducting research activities that may help achieve the objectives of the Act respecting occupational health and safety. For this purpose, the Commission pays an annual budget equalization subsidy to the Institute.

In applying the Workmen's Compensation Act (R.S.Q., c. A-3) and the Act respecting industrial accidents and occupational diseases (R.S.Q., c. A-3.001), the Commission is also responsible for assessing employers annually, based on its funding method and following actuarial valuations, at the rates applicable to the units under which the employers are classified or at their applicable personalized rates or, if necessary, based on the Regulation regarding the retrospective adjustment of assessments.

Under the Crime Victims Compensation Act (R.S.Q., c. I-6) and the Act to Promote Good Citizenship (R.S.Q., c. C-20), the Commission is also responsible for paying benefits and other indemnities to claimants. The sums required for the application and administration of these Acts are reimbursed by the Government of Québec.

Funding method

The Commission chooses the funding method that it deems appropriate to enable it to meet its expenses as they arise and to prevent employers from being unduly burdened thereafter with compensation payments attributable to past work-related injuries.

The Commission applies a ratemaking method that is more reflective of the dual role assigned to it by the law: as both a prevention agent and a public insurer.

The Commission determines the classification units by regulation on an annual basis, and divides them into sectors.

For the purposes of assessment, the Commission classifies each employer under one or more units according to the rules it determines by regulation. Set in accordance with basic insurance principles, the assessment varies in light of the risk associated with the activity performed and the cost of work-related injuries.

The Commission uses three ratemaking methods to establish the assessment rate applicable to an employer: the unit-rate plan, the personalized-rate plan and the retrospective plan.

An employer's subjectivity to any one of these methods depends on the size of the assessment.

Unit-rate plan

This assessment is calculated based on the rate of the unit under which this company's activities are classified. The unit rate is determined from the provincial average rate and the cost of work-related injuries associated with this unit.

Personalized-rate plan

This assessment is calculated based on a personalized rate, namely the rate of the unit under which the company's activities are classified, and adjusted to take into account the employer's prevention and return-to-work efforts.

Retrospective plan

The goal of this plan is to match, as much as possible, the employer's annual assessment with the real expenses for work-related injuries associated with the employer. Consequently, the employer's assessment for a given year will be adjusted subsequently to take into account the real cost of work-related injuries that occurred in his company during the same year.

1. INCORPORATION, FUNCTIONS AND FUNDING (cont'd)

Funding policy

The Commission's full-funding policy is aimed at making its assets equal to its liabilities, without necessarily maintaining a surplus. As a result, measures are planned to balance assets and liabilities as quickly as possible, without losing sight of the objectives of fairness, stability and prevention.

These measures vary according to the surpluses or deficits reflected in the result of income and expenditure for the fiscal year stemming from ratemaking changes for the current year's operations or deviations in the real rate of return.

Consequently, the following three results are found in the statement of income and expenditure:

- result related to funding elements;
- surplus (deficit) related to the real rate of return;
- operating surplus (deficit) for the current fiscal year.

The constituent elements of these three results are broken down in the statement of accumulated surpluses, whether applicable to the consolidated deficits as at January 1, 2000, deviations in the real rate of return, or other elements.

The policy stipulates that the consolidated deficits as at January 1, 2000 presented in the statement of accumulated surpluses are composed of unfunded commitments as at December 31, 1999, excluding certain cumulative elements, namely:

- the balance due on the Civil Service Superannuation Plan;
- the balance of the surplus for fiscal 1998 related to the current year's financial needs attributable to employers not subject to the retrospective plan;
- the balance of the surplus for fiscal 1999 related to the current year's financial needs;
- the balance of the portion of the surplus for fiscal 1997 related to the previous years' financial needs and allocated to the operation of electronic commerce products and services.

Funding Level

The funding level as at December 31, 2000 stood at 103.83% compared with 94.64% as at December 31, 1999. These percentages were established based on the proportion of assets over liabilities.

2. ACCOUNTING POLICIES

The Commission's financial statements have been prepared by management in accordance with generally accepted accounting principles. These statements include figures based on the best professional judgements and estimates. The statement of cash flow has not been presented, because it will not add any new information to facilitate the understanding of the changes in cash position during the fiscal year, since the most relevant information appears in the complementary notes to the financial statements.

a) Employers' assessments

Assessment income is determined on the basis of an estimate of the final assessments. This estimate is designed to take into account the total payroll as well as the final classification of each employer. It also takes into account, for both employers subject to the personalized-rate plan and those subject to the retrospective plan, disbursements that will be ultimately charged for the application of these methods.

b) Investment income

Gains and losses on investments in the individual fund at the Caisse de dépôt et placement du Québec are deferred and amortized.

2. ACCOUNTING POLICIES (cont'd)

b) Investment income (cont'd)

In addition, the difference between the market value of investment deposits and their cost as at December 31 is accounted for using the declining-balance method.

This amortization and progressive posting, which are reflected in the income for the fiscal year, are calculated according to the straight-line depreciation method over a five-year period.

c) Funds deposited in the Caisse de dépôt et placement du Québec

The funds deposited in the Caisse de dépôt et placement du Québec include, on the one hand, the investment deposits in an individual fund of the Caisse and related income receivable and, on the other hand, a short-term loan from the general fund of the Caisse and related interest accruals.

The investment deposits in the individual fund are posted at a value based on their market value, which is made up of the unit acquisition cost of investment deposits, plus the progressive postings of the difference between the market value of the deposits and their cost, less the unamortized portion of the gains and losses on investments made by the Caisse.

d) Fixed assets

Fixed assets are stated at their original cost and depreciated in proportion to their estimated useful life, according to the straight-line depreciation method, at the following annual rates:

Buildings	2.5%
Furniture and equipment	10%
Rolling stock	25%
Computer hardware and software	20%
Telecommunications system	20%
Leasehold improvements	Duration of lease

e) Provision for assessment refunds

Provision related to final adjustments of assessments for employers subject to the retrospective plan

The goal of the retrospective plan is to match, as much as possible, the employer's annual assessment with the real expenses for work-related injuries associated with this employer. Consequently, the employer's assessment for a given year will be adjusted subsequently to take into account the real cost of work-related injuries that occurred in his company during the same year.

The Commission enters annually as a provision for assessment refunds, the previous year's final adjustment estimates, as well as the previous years' revised estimates for this provision. The annual variation of this provision is applied to employers' assessment income.

However, this provision does not take into account the current year's final adjustment, considering the uncertainty related to this adjustment.

f) Actuarial liability

This liability includes the current estimated value of all future payments to be made regarding work-related injuries and the protective reassignment of pregnant or breast-feeding workers which occurred during the current fiscal year and during previous years, among all insured employers.

2. ACCOUNTING POLICIES (cont'd)

f) Actuarial liability (cont'd)

This liability includes provisions for pending benefit claims and for compensation of victims of industrial accidents whose claims will reach the Commission after the end of the current fiscal year. This liability also includes provisions for compensation of victims of work-related injuries who are now being compensated and those who will eventually be compensated following a relapse, a recurrence or an aggravation.

This liability includes a provision for future administrative expenses as well as the Commission's future contributions to the funding of administrative tribunals, in light of events that had occurred as at the end of the fiscal year.

The economic assumptions are established using the real long-term rate of return of 4.0%.

g) Pension plans

The accounting method used for defined contribution pension plans is applied to government inter-company defined benefit plans, since the Commission does not have enough information to apply the accounting method for defined benefits plans.

3. ACCOUNTING CHANGES

Entry of a provision for future administrative expenses and future contributions to the funding of administrative tribunals

As of this fiscal year, the actuarial liability includes a provision for future administrative expenses as well as the Commission's future contributions to the funding of administrative tribunals, in light of events that had occurred as at the end of the fiscal year. In the past, the liability did not include any provision for these elements.

Elimination of the provision for deviations in the real rate of return

As of this fiscal year, the surpluses or deficits related to the real rate of return are included in the fiscal year's result. In the past, these surpluses or deficits were allocated to the provision for deviations in the real rate of return, which was subject to amortization and capping mechanisms. The unamortized balance of the provision as at January 1, 2000 was used to adjust the accumulated surpluses.

Entry of interest on the provision for assessment refunds

As of this fiscal year, the provision for assessment refunds includes an estimate of accrued interest payable. In the past, interest payable was not reflected in this provision.

The effect of these changes on the financial statements prior to and including the 1999 fiscal year was accounted for as at January 1, 2000 directly in the statement of accumulated surpluses for the fiscal year ended December 31, 2000. The financial statements for the fiscal year ended December 31, 1999 were not adjusted to reflect these changes.

These changes increased (decreased) the following items in the financial statements for the fiscal year ended December 31, 2000:

COMPLEMENTARY NOTES (cont'd)
as at December 31, 2000
(in thousands of dollars)

3. ACCOUNTING CHANGES (cont'd)

	2000
Income and expenditure	
Income	
Investment income and interest on assessments	9 324
Expenditure	
Administrative expenses	(5 678)
Funding of administrative tribunals	(4 663)
Net increase in the provision for deviations in the real rate of return	(3 988)
Excess income over expenditure	23 653
Consisting of:	
Result related to funding elements	(337 143)
Surplus related to the real rate of return	324 530
Operating surplus for the current fiscal year	36 266
Balance sheet	
Assets	
Assessments due and other receivables	1 600
Liabilities	
Provision for assessment refunds	18 231
Provision for deviations in the real rate of return	(729 295)
Actuarial liability	584 247
Accumulated surpluses (deficits)	128 417

4. EMPLOYERS' ASSESSMENTS

	2000	1999
Assessments related to the current ratemaking year *		
Current operations	1 772 800	1 695 679
Funding operations	(71 600)	4 321
	1 701 200	1 700 000
Assessments related to previous ratemaking years		
Current operations:		
Assessment adjustments	28 602	33 717
Increase resulting from a change in the provision for assessment refunds	6 700	1 600
	35 302	35 317
Funding operations related to the retrospective plan		
Decrease resulting from a change in the provision for assessment refunds	10 672	32 017
	24 630	3 300
	1 725 830	1 703 300

COMPLEMENTARY NOTES (cont'd)
as at December 31, 2000
(in thousands of dollars)

4. EMPLOYER'S ASSESSMENTS (cont'd)

* The assessments for the 2000 ratemaking year are established based on an estimated coverage payroll of $80 200 000 000, while those for the 1999 ratemaking year were based on an estimated coverage payroll of $74 900 000 000 at the end of the previous fiscal year.

5. INVESTMENT INCOME AND INTEREST ON ASSESSMENTS

	2000	1999
Investment income		
Investment deposits in an individual fund of the Caisse de dépôt et placement du Québec		
Income allocated to the Caisse	824 186	532 469
Less:		
Gains on investments by the Caisse	459 829	200 741
	364 357	331 728
Plus:		
Amortization of gains and losses on investments by the Caisse	222 758	156 633
Amortization of the difference between the market value of the investment deposit units and their cost	210 125	368 255
	797 240	856 616
Interest on short-term deposits at the Caisse	311	42
Interest on short-term loans at the Caisse	(8 060)	(9 721)
	789 491	846 937
Interest on bank balances and others	267	255
	789 758	847 192
Interest on assessments		
Required	47 981	29 584
Granted	(3 943)	(8 210)
	44 038	21 374
	833 796	868 566

6. COMPENSATION PROGRAMS

	2000	1999
Expenses due to work-related injuries that occurred during the fiscal year		
Benefits paid	279 731	260 748
Variation in actuarial liability	859 021	819 215
	1 138 752	1 079 963
Expenses due to work-related injuries that occurred in previous fiscal years		
Benefits paid	981 332	935 738
Variation in actuarial liability	(821 560)	(761 787)
	159 772	173 951
	1 298 524	1 253 914

6. COMPENSATION PROGRAMS (cont'd)

Compensation programs expenses are distributed as follows:

	2000	1999
Benefits paid		
Income replacement		
Medical consolidation and rehabilitation	451 387	424 103
Post-rehabilitation	281 678	265 361
	733 065	689 464
Medical assistance and rehabilitation expenses	281 695	259 871
Bodily injuries	79 627	72 156
Permanent disability	112 589	116 867
Death	38 784	41 362
Economic and social stabilization	15 303	16 766
	1 261 063	1 196 486
Change in actuarial liability	37 461	57 428
	1 298 524	1 253 914

At the time of the ratemaking, the cost established as at July 1 for compensation programs is one of the data taken into account in establishing the annual financial needs to be met by employers' assessments. For the purposes of these financial statements, the cost, as at July 1, 2000 for compensation programs regarding events that occurred in 2000 was established at $1 114 720 000 while this cost as at July 1, 1999 for events that occurred in 1999 had been established at the end of fiscal 1999 at $1 066 260 000.

7. FOR A SAFE MATERNITY PROGRAM

	2000	1999
Expenses related to preventive reassignments that occurred during the fiscal year		
Benefits paid	70 828	70 001
Variation in actuarial liability	38 352	36 227
	109 180	106 228
Expenses related to preventive reassignments that occurred in previous fiscal year		
Benefits paid	37 820	33 036
Variation in actuarial liability	(35 953)	(31 668)
	1 867	1 368
	111 047	107 596

At the time of the ratemaking, the cost established as at July 1 for the For A Safe Maternity program is one of the data taken into account in establishing the annual financial needs to be met by employers' assessments. For the purposes of these financial statements, the cost as at July 1, 2000 for the For A Safe Maternity program regarding preventive reassignments in 2000 was established at $107 818 000 while this cost as at July 1, 1999 for preventive reassignments in 1999 had been established at the end of fiscal 1999 at $104 941 000.

COMPLEMENTARY NOTES (cont'd)
as at December 31, 2000
(in thousands of dollars)

8. PREVENTION PROGRAMS

	2000	1999
Payments for occupational health services	53 229	50 274
Subsidy to the Institut de recherche Robert-Sauvé en santé et sécurité du travail du Québec	15 260	14 710
Subsidies for training and information:		
Joint sector-based associations	14 965	13 998
Unions and employer associations	8 066	8 060
Other	604	566
	92 124	87 608

9. ADMINISTRATIVE EXPENSES

	2000	1999
Fiscal year's expenses		
Wages and employee benefits	217 933	204 823
Training and professional development	1 000	1 103
Travel expenses	9 388	8 596
Postage, courier and telecommunications	8 798	8 554
Communications and information	3 880	3 114
Professional services – Administration and computing	41 192	48 636
Maintenance and repair – Computer equipment	27 460	12 996
Maintenance and repair – Fixed assets and other	4 370	3 220
Materials and supplies	5 330	5 432
Space rental	19 698	19 061
Equipment rental – Computing	3 052	3 477
Equipment rental – Other	844	773
Insurance, taxes and power supply	1 961	1 971
Other expenses and services	2 379	1 957
Depreciation – Fixed assets	13 189	13 500
	360 474	337 213
Expenses charged:		
Government of Québec for the administration of the Crime Victims Compensation Act and the Act to Promote Good Citizenship	4 805	4 092
Government of Canada and its agencies for the administration of the Government Employees Compensation Act	4 322	4 286
Employers personally liable for paying benefits	2 504	2 342
Other expenses charged	774	658
	12 405	11 378
	348 069	325 835
Variation in actuarial liability	(5 678)	
	342 391	325 835

10. FUNDING OF ADMINISTRATIVE TRIBUNALS

	2000	1999
Contributions for the fiscal year		
Commission des lésions professionnelles	45 278	43 250
Tribunal administratif du Québec	36	53
	45 314	43 303
Variation in actuarial liability	(4 663)	
	40 651	43 303

11. OTHER EXPENSES

	2000	1999
Bad debt *	26 406	14 619
Civil Service Superannuation Plan		
- Interest on balance due	308	602
	26 714	15 221

* The year's bad debt expense of $26 406 000 includes a $41 406 000 portion pertaining to employers' assessments and compensation overpayments, reduced by an amount of $15 000 000 to take into account the sums received in 2000 from the Government of Québec for previous fiscal years pursuant to an agreement regarding inspection costs. In 1999, the bad debt expense of $14 619 000 included an amount of $29 619 000 for employers' assessment and compensation overpayments, reduced by an amount of $15 000 000 received from the Government of Québec for previous fiscal years' inspection costs.

12. OPERATING SURPLUS FOR THE CURRENT FISCAL YEAR

The operating surplus for the current fiscal year represents the ratemaking-based surpluses or deficits generated during the current fiscal year, which must be adjusted to employers' assessment for the subsequent years, in keeping with the funding policy described in Note 1.

The operating surplus for the current fiscal year stems from the following ratemaking-related deviations:

	2000	1999
	Surpluses (deficits)	
Deviations – current year's financial needs		
Assessments *	139 592	109 577
Other income	1 774	2 905
Compensation programs **	(46 820)	(24 360)
For A Safe Maternity program	(12 218)	(18 041)
Prevention programs	(1 124)	1 492
Administrative expenses	5 378	2 714
Funding of administrative tribunals	7 369	2 297
Bad debt	(13 406)	381
	80 545	76 965
Interest accrued from July 1 to December 31 on deviations related to the current year's financial needs	2 885	2 363
Amounts carried forward	83 430	79 328

COMPLEMENTARY NOTES (cont'd)
as at December 31, 2000
(in thousands of dollars)

12. OPERATING SURPLUS FOR THE CURRENT FISCAL YEAR (cont'd)

	2000	1999
	Surpluses (deficits)	
Amounts brought forward	83 430	79 328
Deviations – previousyear's financial needs		
Assessments ***	35 302	35 317
Compensation programs ****	36 880	190 967
For A Safe Maternity program	(551)	(163)
Administrative expenses	20 936	
Funding of administrative tribunals	5 392	
	97 959	226 121
Operating surplus for the current fiscal year	181 389	305 449

* The assessments for the 2000 ratemaking year are estimated at $139 592 000 more than initially estimated, which constitutes a surplus. This surplus stems basically from a different-than-forecast economic activity, including a coverage payroll 6.5% higher than expected. This differing economic activity should increase the cost of compensation programs by about $100 000 000.

** At the time of the ratemaking, the cost as at July 1, 2000 of work-related injuries for 2000 was set at $1 067 900 000. This same cost stands at $1 114 720 000 in these financial statements, resulting in a deficit of $46 820 000. This deficit is the net result of a $23 200 000 surplus attributable to the change in assumption for the real rate of return from 3.5% to 4.0% and a $70 020 000 deficit related to the increase in the cost of various benefits.

This $70 020 000 deficit must be considered in relation to the fact that the differences observed in economic activity should have led to an increase of about $100 000 000 in the cost of compensation programs.

*** The $35 302 000 surplus for the previous years' assessment income is related primarily to the 1999 application year. This is mainly due to the fact that the final coverage payroll for 1999 is higher than that estimated in the 1999 financial statements based on the preliminary data then available.

**** The $36 880 000 surplus for compensation programs concerning work-related injuries that occurred before 2000 is made up of three major elements. The first element is a $76 270 000 surplus related to income replacement benefits paid during the medical consolidation and rehabilitation period. This surplus is primarily attributable to benefits paid following a relapse, recurrence or aggravation, and reflects the decline over the past few years in the number of cases of relapse, recurrence or aggravation. The second element is a $72 547 000 surplus related to income replacement benefits paid during the post-rehabilitation period. This surplus stems primarily from the decline in the number of workers entitled to compensation following the determination of suitable employment. The third element is a $114 365 000 deficit corresponding to the estimate of the impact that the tax changes announced by the Minister of Finance will have on the tables of income replacement indemnities.

COMPLEMENTARY NOTES (cont'd)
as at December 31, 2000
(in thousands of dollars)

13. ASSESSMENTS DUE AND OTHER RECEIVABLES

	2000	1999
Assessments receivable	342 871	420 906
Estimate of income accrued from assessments	37 941	26 001
Amounts receivable from the Government of Québec for inspection *	16 000	31 000
Compensation overpayments receivable	25 032	24 429
Other receivables	11 452	6 719
	433 296	509 055
Less:		
Provision for bad debt **	80 300	93 500
	352 996	415 555

* Under section 249 of the Act respecting occupational health and safety, before it was repealed on March 31, 1997, any amount required for the application of this Act and inspection regulations was taken from the funds allocated annually by the legislature for this purpose. Under the terms of an agreement concluded with the Government of Québec in 1997, reimbursement of this receivable balance is expected to be completed in 2001 and shall be used to reduce bad debt expenses.

** This provision includes an amount of $16 000 000 (1999: $31 000 000) for sums to be received from the Government of Québec for inspection.

14. FUNDS DEPOSITED IN THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Individual fund		
Investment deposits – at cost (2000: 6 919 202 units; 1999: 6 184 924 units) (Market value in thousands of dollars, 2000: $9 115 181; 1999: $8 541 271)	7 652 413	6 644 500
Plus:		
Amortized portion of the difference between the market value of the deposits and their cost	1 247 969	1 037 844
	8 900 382	7 682 344
Less:		
Unamortized portion of gains and losses on investments by the Caisse	563 805	326 734
Investment deposits at a value based on the market value	8 336 577	7 355 610
Income receivable	68 809	95 438
	8 405 386	7 451 048
Variable-rate short-term loans and accruals *	(341 235)	(101 388)
	8 064 151	7 349 660

The investment deposits in an individual fund of the Caisse de dépôt et placement du Québec are expressed in units. These units are redeemable upon prior notice according to the terms of the Caisse's regulations and according to specific agreements with the Commission, at the market value of the net equity of the individual fund at the end of each month. At the close of each month of the individual fund, the Caisse allocates the net investment income as well as the gains and losses on investments to the Commission.

The fiscal year's variation in the short-term loan, excluding accrued interest, stands at $238 653 282 (1999: $44 210 865).

14. FUNDS DEPOSITED IN THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (cont'd)

The unamortized balance of the difference between the market value of the deposits and their cost represents a gain of $214 799 465 as at December 31, 2000 (1999: $858 926 557).

Deposits and withdrawals made at the Caisse de dépôt et placement du Québec in 2000 total $1 210 000 000 and $1 285 000 000 respectively (1999: $1 049 000 000 and $1 346 000 000).

The fiscal year's acquisitions of investment deposit units total $1 007 912 662 (1999: $399 024 080) and the proceeds from the disposal of investment deposit units total $0 (1999: $221 307 086). The gain on disposal of investment deposit units is $0 (1999: $38 009 412).

* The Commission obtained a $350 million line of credit from the Caisse to cover its monthly cash deficits. The rate of interest is based on the return of the rate of the sight deposit account on a day-to-day basis, plus 0.5%. The interest rate was 5.9% as at December 31, 2000 (1999: 5.0%). This line of credit expires in 2001.

15. REAL ESTATE SELLING PRICE BALANCE

	2000	1999
Secured by assignment of subsidy to be paid by the Government of Québec, reimbursable y annuities of $1 454 705, maturing on December 31, 2006, at a rate of 7.5%	6 828	7 705

16. FIXED ASSETS

	2000			1999
	Cost	Accumulated Depreciation	Net	Net
Land	749		749	749
Buildings	10 379	6 777	3 602	3 861
Furniture and equipment	15 350	12 278	3 072	3 357
Rolling stock	997	842	155	197
Computer hardware and software	99 639	78 618	21 021	22 980
Telecommunications systems	7 391	5 416	1 975	481
Leasehold improvements	4 467	4 453	14	20
	138 972	108 384	30 588	31 645

The disbursements for the fiscal year are $12 162 070 (1999: $9 310 580) and cash receipts for disposals amount to $115 207 (1999: $47 565). Gains on disposals total $84 952 (1999: $23 720).

17. PROVISION FOR SICK LEAVE, VACATION TIME AND ASSISTED DEPARTURES

	2000				1999
	Sick Leave	Vacation Time	Assisted Departure	Total	Total
Balance at the beginning	43 853	20 190	6 241	70 284	64 380
Fiscal year's expenses	9 686	17 133	2 775	29 594	29 345
Fiscal year's use	(5 396)	(14 932)	(5 672)	(26 000)	(23 441)
Balance at the end	48 143	22 391	3 344	73 878	70 284

COMPLEMENTARY NOTES (cont'd)
as at December 31, 2000
(in thousands of dollars)

18. PROVISION FOR ASSESSMENT REFUNDS

Provision regarding the final adjustments of assessments for employers subject to the retrospective plan

	2000	1999
Balance at the beginning	102 512	99 581
Adjustment (Note 3)		
Interest in the provision for assessment refunds	25 955	
Adjusted balance at the beginning	128 467	99 581
Fiscal year's change		
Estimate of the previous year's final adjustment	10 672	32 017
Revised estimate of the years prior to the previous year	(6 700)	(1 600)
Interest	(7 724)	
	(3 752)	30 417
Reimbursements made	(36 402)	(27 486)
Balance at the end	88 313	102 512

19. ACTUARIAL LIABILITY

	2000	1999
Balance at the beginning	7 253 069	7 191 082
Adjustment (Note 3)		
Entry of a provision for future administrative expenses and future contributions to the funding of administrative tribunals	594 588	
Adjusted balance at the beginning	7 847 657	7 191 082
Variation in actuarial liability		
Compensation programs		
Evolution in actuarial liability	230 999	82 932
Changes in assumptions related to the real rate of return	(242 306)	
Changes in non-economic assumptions and methods of calculating the actuarial liability	48 768	(25 504)
	37 461	57 428
For A Safe Maternity program		
Evolution in actuarial liability	3 141	4 559
Changes in non-economic assumptions and methods of calculating the actuarial liability	(742)	
	2 399	4 559
Amounts carried forward	39 860	61 987

COMPLEMENTARY NOTES (cont'd)
as at December 31, 2000
(in thousands of dollars)

19. ACTUARIAL LIABILITY (cont'd)

	2000	1999
Amounts brought forward	39 860	61 987
Administrative expenses		
Evolution in actuarial liability	5 239	
Changes in assumptions related to the real rate of return	(10 917)	
	(5 678)	
Funding of administrative tribunals		
Evolution in actuarial liability	(2 538)	
Changes in assumptions related to the real rate of return	(2 125)	
	(4 663)	
	29 519	61 987
Balance at the end	7 877 176	7 253 069

This actuarial liability is distributed as follows with respect to benefits granted by the Commission:

	2000	1999
Compensation programs		
Income replacement		
Medical consolidation and rehabilitation	1 029 906	1 029 456
Post-rehabilitation	3 650 592	3 529 102
	4 680 498	4 558 558
Medical assistance and rehabilitation expenses	825 075	802 631
Bodily injuries	253 920	239 948
Permanent disability	1 090 920	1 182 187
Death	312 701	332 488
Economic and social stabilization	90 565	100 406
	7 253 679	7 216 218
For A Safe Maternity program	39 250	36 851
Administrative expenses	448 480	
Funding of administrative tribunals	135 767	
	7 877 176	7 253 069

20. CASH FLOWS

	2000	1999
Interest paid during the year	40 879	36 181

Interest paid is already included in certain expense categories or presented separately in the different complementary notes to the financial statements.

21. COMMITMENTS AND CONTINGENCY

Commitments

Space rental leases

The Commission was committed to space rental leases totalling $198 448 690 as at December 31, 2000 (1999: $192 178 123). These leases run until 2016 with a renewal option upon expiry. A clause provides for rent review based on increases in operating costs or taxes.

Payments over the next five fiscal years, based on the rental amount as at December 31, 2000, are as follows:

2001	$18 644 547
2002	17 758 617
2003	17 074 533
2004	16 773 727
2005	16 253 628

Equipment leasing and service contracts

The Commission was committed to various equipment leasing and service contracts estimated at $33 830 361 as at December 31, 2000 (1999: $20 630 046). Excluding the specific contract for the operation of electronic commerce products and services mentioned below, these contracts, which extend over a period of one to four years, call for annual payments of:

2001	$24 435 900
2002	5 862 372
2003	2 418 633
2004	1 113 456

Acquisition of electronic commerce products and services

In 1995, the Commission signed a general agreement with the National Bank, Desjardins and Bell Canada consortium for the acquisition of electronic commerce products and services. This agreement will not only allow the Commmission to improve its client service, but will also have a positive economic and technological impact on the development of Québec expertise in the area of electronic commerce. The agreement will also contribute to the development of French-language products that can be exported over the medium term to French-speaking countries around the world.

With respect to the operation of electronic commerce products and services, the Commission has authorized a $50 000 000 financial commitment spread over seven and a half years. As at December 31, 1997, this amount was allocated, from the 1997 current year's operating surplus and according to an interest-free amortization mechanism, to financing the expenses to be incurred over the next few years for the operation of electronic commerce products and services.

As at December 31, 2000, a specific contract was signed for a total of $49 700 000 running until 2002 for the implementation and operation of electronic commerce products and services developed previously. The balance of the commitment related to this contract stood, as at December 31, 2000, at $21 833 563.

21. COMMITMENTS AND CONTINGENCY (cont'd)

Contingency

Businesses under federal jurisdiction

On May 26, 1988, the Supreme Court of Canada ruled that the Act respecting occupational health and safety was not applicable to businesses under federal jurisdiction. Following this ruling, the Commission reimbursed the employers involved for assessments that were wrongfully paid, including interest of 5% per year.

However, lawsuits were filed in Québec Superior Court by several out-of-province transportation firms that consider themselves to be under federal jurisdiction. They are claiming full reimbursement for assessments paid to the Commission for the years 1981 to 1988, inclusively, not just the portion of assessments applicable under the Act respecting occupational health and safety. These firms are also claiming interest on their eventual refunds at the rate set under section 28 of the Act respecting the Ministère du Revenu, instead of the 5% rate determined by the Commission. These lawsuits total approximately $46 000 000, not including interest.

The Commission is not able to estimate the amount that this contingency may generate.

22. EMPLOYERS PERSONALLY LIABLE FOR THE PAYMENT OF BENEFITS

Under the special provisions set forth in Chapter X of the Act respecting industrial accidents and occupational diseases for employers personally liable for the payment of benefits, the Commission pays benefits to victims of work-related injuries on behalf of this category of employers. These employers reimburse the Commission for benefits paid on their behalf and pay their share of the costs it incurs in applying the said chapter, in the form of a percentage of these benefits.

Since they are fully recovered, these and future benefits related to events that occurred at the end of the fiscal year are not included in the Commission's statement of income and expenditure, nor in its balance sheet. However, the amounts collected to finance the costs incurred by the Commission for the application of chapter X are applied in reduction of administrative expenses.

The Commission's bills to employers personally liable for the payment of these benefits totalled $14 913 742 in 2000, compared with $12 074 654 in 1999.

Under section 334 of the Act respecting industrial accidents and occupational diseases, all employers personally liable for the payment of benefits must make and keep in force a contract of insurance, of suretyship or of warranty with a legal person, by which the person undertakes to assume payment of benefits to claimants should the employer fail to do so.

According to section 344 of the Act respecting industrial accidents and occupational diseases, where the employer and his insurer or the surety or warrantor of payment of the benefits have disappeared or are insolvent, the Commission shall pay the benefits owed to the beneficiary. The Commission may levy an additional assessment to employers personally liable for the payment of benefits to cover the costs it has incurred in this regard.

However, the Commission has not evaluated or charged to its liabilities the value of the commitments related to claims from employers personally liable for the payment of benefits, due to the very low probability that all employers personally liable for the payment of benefits as well as their insurers or sureties or warrantors disappearing or becoming insolvent.

23. OTHER MANDATES OF THE COMMISSION

Under the Government Employees Compensation Act, and according to an agreement with the Government of Canada, the Commission compensates federal civil servants who have suffered work-related injuries. The Government of Canada and its agencies reimburse the Commission and pay for the costs it incurs in this regard.

23. OTHER MANDATES OF THE COMMISSION (cont'd)

In addition, apart from the mandates related to occupational health and safety and the compensation of victims of work-related injuries, the Government of Québec has also entrusted the Commission with the responsibility of compensating victims under the Crime Victims Compensation Act and the Act to Promote Good Citizenship. The Government of Québec reimburses the Commission and pays all the costs incurred by the Commission in this regard.

The Commission's bills for these benefits are broken down as follows:

	2000	1999
Government Employees Compensation Act	11 295	10 881
Crime Victims Compensation Act and the Act to Promote Good Citizenship	36 355	31 899
	47 650	42 780

Since they are fully recovered, these and future benefits related to events that occurred at the end of the fiscal year are not included in the Commission's statement of income and expenditure, nor in its balance sheet. However, the amounts collected to finance the costs incurred by the Commission for the application of these Acts are applied in reduction of administrative expenses.

24. RELATED PARTY TRANSACTIONS

The Commission is related with all the departments and special funds as well as all agencies and companies controlled directly or indirectly by the Government of Québec, or that are under the joint control or strong common influence of the Government of Québec. The Commission did not conclude any commercial transaction with these related parties, other than in the regular course of its activities and under the usual commercial conditions. These transactions, except for those presented in Note 8 regarding prevention subsidies to the Institut de recherche Robert-Sauvé en santé et en sécurité du travail du Québec, of Note 10 concerning the funding of the Commission des lésions professionnelles and the Tribunal administratif du Québec, of Notes 11 and 13 concerning the monitoring of inspection expenses for previous fiscal years, as well as that presented in Note 23 regarding the Crime Victims compensation Act and the Act to Promote Good Citizenship, are not presented separately in the financial statements.

25. EMPLOYER CONTRIBUTIONS TO PENSION PLANS

The Commission's employees subscribe to the Civil Service Superannuation Plan and the Government and Public Employees' Retirement Plan, which are administered by the Commission administrative des régimes de retraite et d'assurances. These are defined benefit plans that include retirement and death benefits.

The Commission's obligations toward these government plans are limited to its contributions for regular services as an employer. The Commission's contributions recorded as part of this year's expenses amount to $6 265 007 (1999: $9 130 755).

The employer's assessment rate for regular service under the Government and Public Employees' Retirement Plan until December 31, 1999 corresponded to 5.22% of the eligible wages for unionizable participants (5.02% for non-unionizable participants). Following amendments to the plan, as of January 1, 2000, the employer's assessment rate for regular service corresponds to 3.51% of eligible wages for unionizable participants (0.79% for non-unionizable participants).

26. COMPARATIVE FIGURES

Certain figures for 1999 were reclassified to bring them in line with the presentation adopted in 2000.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

ACTUARIAL REPORT REGARDING THE COMMITMENTS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

as at December 31, 2000

We have evaluated the actuarial liability of the Commission de la santé et de la sécurité du travail for the purpose of its balance sheet as at December 31, 2000 and its statement of income and expenditure for the year then ended. In our opinion, the actuarial liability in the amount of $7 877 176 000 constitutes an appropriate provision to cover future payments under compensation programs for work-related injuries, the For A Safe Maternity program, administrative expenses of the Commission and expenses for the funding of administrative tribunals, regarding events that occurred on or before December 31, 2000 among all insured employers. The estimate of future payments for work-related injuries is in accordance with the Workmen's Compensation Act, the Act respecting industrial accidents and occupational diseases and the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries. The estimate of future payments under the For A Safe Maternity program is in accordance with the provisions of the Act respecting occupational health and safety.

The Commission pursues a full-funding objective, which is aimed at making it assets equal to its liabilities, without necessarily maintaining a surplus. This situation is reflected in the approach used in the production of its financial statements and the valuation of its actuarial liability. Hence, the assumptions used were selected on a best-estimate basis. This approach implies that there is no margin for adverse statistical deviations or for an unfavourable evolution of experience.

However, the assumption related to the real rate of return is an exception to the general best-estimate approach. In fact, by considering the particularity of the Commission's commitments that guarantee the adjustment of its benefits to future inflation, and in order to allow for more stable assessment rates and financial results, the assumption of the real rate of return of 4.0% is based on longer-term trends and a mechanism is used to amortize annual deviations concerning the real rate of return.

The actuarial liability rose from $7 253 069 000 as at December 31, 1999 to $7 877 176 000 as at December 31, 2000. The actuarial liability of December 31, 1999 was first adjusted by $594 588 000 to cover administrative expenses and expenses for the funding of administrative tribunals that will be required for the Commission to meet its commitments as at December 31, 1999. The liability adjusted to $7 847 657 000 was then increased by $29 519 000 until December 31, 2000. This $29 519 000 increase, comprising an increase of $37 461 000 for compensation programs, an increase of $2 399 000 for the For A Safe Maternity program, a decrease of $5 678 000 for administrative expenses and a decrease of $4 663 000 for the funding of administrative tribunals, was posted in the statement of income and expenditure for 2000.

As for compensation programs, the $37 461 000 increase includes a $193 538 000 decrease in the actuarial liability stemming from changes in methods and assumptions. This decrease consists of two main items: a $242 306 000 reduction resulting from the change in the assumption for the real rate of return, which rose from 3.5% to 4.0%, and a $114 365 000 increase resulting from changes in assumptions related to the effect of taxation on income replacement indemnities.

Additional information regarding the valuation of this actuarial liability is available in a more detailed actuarial report.

In our opinion, the amount of the actuarial liability has been determined using reliable and sufficient data, appropriate assumptions and methods in accordance with sound actuarial principles.

Pierre Hébert, F.I.C.A.
Actuary
Commission de la santé et de la
sécurité du travail

Gylles Binet, F.S.A, F.I.C.A.
Actuary
Commission de la santé et de la
sécurité du travail

Québec, March 9, 2001

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

ACTUARIAL CONSULTANTS' REPORT REGARDING THE COMMITMENTS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

as at December 31, 2000

We have reviewed the valuation of the actuarial liability prepared by the actuaries of the Commission de la santé et de la sécurité du travail regarding the Commission's commitments as at December 31, 2000 under the Workmen's Compensation Act, the Act respecting industrial accidents and occupational diseases, the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries, and for future payments under the For A Safe Maternity program set forth in the Act respecting occupational health and safety.

The actuarial liability of $7 877 176 000 covers future commitments regarding events that occurred on or before December 31, 2000 among all insured employers. Following the institution in 2000 of a funding process for the Commission's administrative expenses and expenses for the funding of administrative tribunals, the actuarial liability also includes an amount of $584 247 000, representing the value, as at December 31, 2000, of these expenses that will be incurred after this date, for events that occurred on that date and assessments related to this year or to previous years.

We have examined the Commission's funding policy, the provisions of the above-mentioned acts, the methods and assumptions as well as how they were used in the valuation. We have also verified that appropriate procedures exist, in order to ensure that the data used is reliable and sufficient for the actuarial calculations.

In keeping with the Commission's funding objectives, the assumptions used in valuating the actuarial liability were established on a best-estimate basis, except for the assumption related to the real rate of return, which was based on long-terms trends.

The actuarial liability of $7 877 176 000 presented in the balance sheet as at December 31, 2000 constitutes an appropriate provision of the value of the Commission's commitments as at that date, considering its funding objectives.

In our opinion, the actuarial liability is adequate and was established using appropriate assumptions and methods in accordance with sound actuarial principles, in view of the Commission's funding policy.

André Picard, F.S.A., F.I.C.A.
Société Conseil Mercer Limitée

Jacques Demers, F.S.A., F.I.C.A.
Société Conseil Mercer Limitée

Québec, March 12, 2001

MANAGEMENT'S REPORT

The financial statements of the Commission de la santé et de la sécurité du travail were prepared by management, which is responsible for the integrity and accuracy of the data, more particularly the estimates and major accounting opinions. This responsibility includes the choice of appropriate accounting policies in keeping with generally accepted accounting principles. The financial information contained elsewhere in the Annual Report of Activities is consistent with these financial statements.

To fulfil its responsibilities regarding the integrity and accuracy of the financial statements, management exercises the necessary internal controls to provide the user with reasonable assurance that the financial information is relevant and reliable and that assets are adequately protected. In this regard, the Accounting and Financial Controls Department, as the Commission's comptroller, ensures that sufficient controls are applied to mitigate the most significant financial risks. In addition, the Internal Audit Department conducts periodic checks to ensure that the Commission's internal controls are adequate, consistent and applied uniformly.

In accordance with sound actuarial principles, the Commission's actuaries evaluate the liabilities with respect to benefits outlined in the Commission's financial statements on an annual basis and report their conclusions to the Audit Committee.

The Board of Directors is responsible for monitoring the manner in which management fulfils its responsibilities regarding financial information, and has approved the financial statements. The Board of Directors is assisted in carrying out its mandate by the Audit Committee, whose members are not part of management. This Committee meets management and the Auditor, reviews the financial statements, and recommends their approval to the Board of Directors.

An actuary from the firm Société Conseil Mercer Limitée was appointed actuarial consultant to the Commission. His role consists in carrying out an independent examination of the actuarial value of the liability with respect to benefits outlined in the Commission's financial statements.

The Auditor General of Québec audited the Commission's financial statements in accordance with generally accepted auditing standards. The Auditor's report includes a description of the nature and scope of this audit as well as the Auditor's opinion.

Trefflé Lacombe
Chairman of the Board and Chief Executive Officer

Québec, March 14, 2001

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Commission de la santé et de la sécurité du travail as at December 31, 2000 and the statement of income and expenditure and accumulated surpluses for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2000, as well as the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the changes made to the valuation of the actuarial liability and the provision for assessment refunds, as well as the retroactive application of the elimination of the provision for deviations in the real rate of return as explained in Note 3, these principles have been applied on a basis consistent with that of the previous year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, March 14, 2001

COMMISSION DE RECONNAISSANCE DES ASSOCIATIONS D'ARTISTES ET DES ASSOCIATIONS DE PRODUCTEURS

(R.S.Q., c. S-32.1)

REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	2001	2000 (Note 3)
REVENUE		
Operating subsidy from the Gouvernement du Québec	$411 100	$377 300
Interest on bank deposits	2 003	2 544
	413 103	379 844
EXPENDITURE		
Salaries and fringe benefits	290 759	240 251
Training	1 765	2 433
Travelling and entertainment	6 391	6 495
Professional fees	79 884	69 754
Rent	56 117	54 112
Taxes	15 093	15 340
Insurance	884	716
Maintenance and equipment rental	4 567	6 341
Advertising	3 853	4 150
Documentation	3 236	2 470
Telecommunications	3 946	4 219
Office supplies	8 871	4 606
Furniture and equipment	248	1 723
Interest and bank charges	877	951
Depreciation of fixed assets	4 543	2 393
Other	562	759
	481 596	416 713
EXCESS OF EXPENDITURE OVER REVENUE	$(68 493)	$(36 869)

DEFICIT

for the year ended March 31, 2001

	2001	2000
SURPLUS, BEGINNING OF YEAR		
Previously established balance	$73 201	$103 830
Adjustment:		
Posting of accumulated sick leave (Note 3)	(41 255)	(35 015)
Adjusted balance	31 946	68 815
Excess of expenditure over revenue	(68 493)	(36 869)
(DEFICIT) SURPLUS, END OF YEAR	$(36 547)	$31 946

COMMISSION DE RECONNAISSANCE DES ASSOCIATIONS D'ARTISTES ET DES ASSOCIATIONS DE PRODUCTEURS

BALANCE SHEET
as at March 31, 2001

	2001	2000 (Note 3)
ASSETS		
Current assets		
Cash on hand	$5 252	$31 500
Accounts receivable		1 547
Subsidy receivable from the Gouvernement du Québec		6 700
Prepaid expenses	3 804	11 463
	9 056	51 210
Fixed assets (Note 4)	23 013	27 556
	$32 069	$78 766
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$21 382	$5 565
Provision for sick leave	47 234	41 255
	68 616	46 820
(DEFICIT) SURPLUS	(36 547)	31 946
	$32 069	$78 766

COMMITMENT (Note 7)

On behalf of the Commission,
Jean Corriveau, President

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

1. CONSTITUTION AND PURPOSE

The Commission de reconnaissance des associations d'artistes et des associations de producteurs was established under the Act respecting the professional status and conditions of engagement of performing, recording and film artists (R.S.Q., c. S-32.1). Its duties include rendering decisions on any application for recognition submitted by an artists' or a producers' association, appointing a mediator at the request of a party to the negotiation of a group agreement and appointing an arbitrator in the event of a dispute during the negotiation of a group agreement.

2. ACCOUNTING POLICIES

The financial statements of the Commission were prepared by management on the accrual basis in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The statement of changes in financial position is not shown as it would not provide any useful supplementary information regarding the Commission's cash flow during the year.

Fixed Assets

Fixed assets are recorded at cost and amortized according to the probable duration of their use according to the straight-line method at the following annual rates:

Furniture and fixtures	10%
Data processing equipment and software	20%

3. CHANGE IN ACCOUNTING POLICY

As of this fiscal year, the liabilities resulting from sick leave accumulated by Commission employees at year-end are recorded to liabilities on the balance sheet under "Provision for sick leave". The annual change in this provision is posted to the expenditures for the fiscal year. Previously, these expenses were posted to operations in the fiscal year during which the employees used their sick leave.

These changes, applied retroactively, will increase the following items in the financial statements:

	2001	2000
Revenue and expenditure		
Salaries and fringe benefits	$5 979	$6 240
Excess of expenditure over revenue	5 979	6 240
Balance sheet		
Provision for sick leave	47 234	41 255
Deficit	47 234	41 255

4. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Furniture and fixtures	$16 160	$3 000	$13 160	$14 777
Data processing equipment and software	22 725	12 872	9 853	12 779
	$38 885	$15 872	$23 013	$27 556

Fixed asset acquisitions for the fiscal year totalled $0 (2000: $24 892).

5. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in the financial statements and recorded at exchange value, the Commission is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Commission did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

6. FUTURE FRINGE BENEFITS

Pension plan

The staff members of the Commission participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Commission's contributions charged to the year-end statement amount to $2 714 (2000: $12 489). The liability of the Commission towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave

	2001	2000
Opening balance	$41 255	$35 015
Charge for the year	6 444	6 240
Benefits paid during the year	(465)	
Closing balance	$47 234	$41 255

7. COMMITMENT

The Commission is committed to a long-term lease for office space expiring November 30, 2001. This lease includes a yearly renewal option unless six-months' notice is given.

Lease payments for the year ended March 31, 2001 amount to $56 117. The minimum lease payments for the next four fiscal years are as follows:

2002	$35 738

COMMISSION DE RECONNAISSANCE DES ASSOCIATIONS D'ARTISTES ET DES ASSOCIATIONS DE PRODUCTEURS

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Commission de reconnaissance des associations d'artistes et des associations de producteurs as at March 31, 2001, and the statements of revenue and expenditure and deficit for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in the method for recording sick leave explained in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Doris Paradis, CA
Assistant Auditor General
For the Auditor General of Québec

Québec, June 19, 2001

COMMISSION DES LÉSIONS PROFESSIONNELLES
(R.S.Q., c.A-3.001)

REVENUE AND EXPENDITURE AND DEFICIT FUND BALANCE
for the year ended March 31, 2001

	2001	2000
REVENUE		
Contribution from the Commission de la santé et de la sécurité du travail	$46 204 496	$42 499 992
Interest on bank deposits	155 408	242 106
Publications and services	19 350	19 094
	46 379 254	42 761 192
EXPENDITURE		
Salaries and fringe benefits	28 667 404	27 407 170
Transportation and communications	2 374 286	3 032 043
Professional services	8 019 797	7 611 968
Rent and maintenance	5 815 086	6 002 211
Depreciation of fixed assets	2 840 606	2 596 561
Supplies	585 764	644 780
Other	10 158	8 157
	48 313 101	47 302 890
EXCESS OF EXPENDITURE OVER REVENUE	(1 933 847)	(4 541 698)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(573 892)	3 967 806
DEFICIT FUND BALANCE, END OF YEAR	$(2 507 739)	$(573 892)

COMMISSION DES LÉSIONS PROFESSIONNELLES

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$1 858 330	$257 698
Term deposits		1 250 000
Accounts receivable	15 698	63 118
Accrued interest	16 286	12 915
Advances for travel expenses	15 500	16 500
Prepaid expenses	23 178	152 827
	1 928 992	1 753 058
Fixed assets (Note 3)	5 027 407	6 892 438
	$6 956 399	$8 645 496
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$1 860 714	$2 322 972
Provision for sick leave and vacation time (Note 4)	7 603 424	6 896 416
FUND BALANCE DEFICIT	(2 507 739)	(573 892)
	$6 956 399	$8 645 496

COMMITMENTS (Note 5)

On behalf of the Commission,
Jean-Pierre Arsenault

COMMISSION DES LÉSIONS PROFESSIONNELLES

CASH FLOW
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$(1 933 847)	$(4 541 698)
Items with no effect on cash and cash equivalents:		
Depreciation of fixed assets	2 840 606	2 596 561
Change in the provision for sick leave and vacation time	707 008	430 869
	1 613 767	(1 514 268)
Changes in non-cash elements of the Working Capital Fund:		
Accounts receivable	47 420	38 974
Accrued interest	(3 371)	22 714
Advances for travel expenses	1 000	500
Prepaid expenses	129 649	(25 476)
Accounts payable and accruals	(792 333)	(518 989)
	(617 635)	(482 277)
Cash flows related to operating activities	996 132	(1 996 545)
INVESTMENT ACTIVITIES		
Cash flows related to investment activities:		
Acquisition of fixed assets	(645 500)	(2 628 725)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	350 632	(4 625 270)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1 507 698	6 132 968
CASH AND CASH EQUIVALENTS, END OF YEAR	$1 858 330	$1 507 698

COMPOSITION OF CASH AND CASH EQUIVALENTS:

Cash on hand	$1 858 330	$257 698
Term deposits		1 250 000
	$1 858 330	$1 507 698

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

1. CONSTITUTION, PURPOSE AND FINANCING

The Commission , established under a special statute (1997, chapter 27), is mandated to hear and deal with cases contesting decisions rendered by Commission de la santé et de la sécurité du travail following an administrative review.

The amounts required by the Commission for its operations are taken out of the Commission fund, which consists of the sums paid into it by the Commission de la santé et de la sécurité du travail according to terms and conditions determined by the Government.

2. ACCOUNTING POLICIES

The financial statements of the Commission were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Fixed Assets

Fixed assets are recorded at their original cost and amortized according to their probable service life, using the straight-line accounting method, at the following annual rates:

Office furniture and equipment	20%
Data processing equipment	33.3%
Leasehold improvements	Term of lease, maximum 5 years

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Commission lacks sufficient information to apply the accounting procedure for defined benefit plans.

Cash and cash equivalents

The Commission's policy consists in presenting under cash and cash equivalents bank balances and short-term investments maturing within three months of the date they were acquired.

3. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Total	Total
Office furniture and equipment	$3 460 946	$1 907 545	$1 553 401	$2 084 341
Data processing equipment	5 056 616	3 504 227	1 552 389	2 403 884
Leasehold improvements	4 348 871	2 427 254	1 921 617	2 404 213
	$12 866 433	$7 839 026	$5 027 407	$6 892 438

4. PROVISION FOR SICK LEAVE AND VACATION TIME

	2001			2000
	Sick leave	Vacation time	Total	Total
Opening balance	$4 358 790	$2 537 626	$6 896 416	$6 465 547
Change for the year	375 905	331 103	707 008	430 869
Closing balance	$4 734 695	$2 868 729	$7 603 424	$6 896 416

5. COMMITMENTS

The Commission is committed under agreements with the Société immobilière du Québec, terminating on various dates up to October 31, 2010, for administrative offices.

Lease payments for the year ended March 31, 2001, amount to $4 636 081 (2000: $4 552 341).

The minimum lease payments for the next fiscal years are:

2002	$4 515 097
2003	1 939 771
2004	1 626 114
2005	615 685
2006	549 249
2007 and thereafter	2 300 159
	$11 546 075

6. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Commission is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Commission did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

7. PENSION PLANS

The staff members of the Commission participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Commission's contributions charged to the year-end statement amount to $673 717 (2000: $1 106 547). The liability of the Commission towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

COMMISSION DES LÉSIONS PROFESSIONNELLES

MANAGEMENT'S REPORT

The financial statements of the Commission des lésions professionnelles were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgments included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. Each manager conducts a monthly analysis and verification of his administrative unit's budgetary position.

The Commission recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities.

The Auditor General of Québec has conducted an audit of the Commission's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Jean-Pierre Arsenault
Chairman

Québec, June 8, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Commission des lésions professionnelles as at March 31, 2001, and the statements of revenue and expenditure and of deficit fund balance and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 8, 2001

COMMISSION DES NORMES DU TRAVAIL
(R.S.Q., c. N-1.1)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Levies (Note 3)	$45 883 116	$45 499 943
Interest on investments	1 329 839	635 443
Other	377 115	436 702
	47 590 070	46 572 088
EXPENDITURE		
Salaries and fringe benefits	23 889 298	21 926 769
Fees	1 764 271	1 367 704
Travelling expenses	1 095 559	868 547
Telecommunications and mail	1 007 656	868 872
Advertising and information	621 856	819 142
Rental of office space, equipment and other	2 734 791	2 430 458
Maintenance	543 192	396 993
Supplies	883 908	929 304
Interest and bank charges (Note 4)	10 057	7 590
Depreciation of fixed assets	1 035 956	823 334
Loss on disposal of fixed assets	85 067	
	33 671 611	30 438 713
Agreements with the Gouvernement du Québec (Note 10)		
Ministère du Revenu du Québec collection fee	522 664	357 526
Reimbursement of expenses of the Labour Commissioner-General's office		
Regular complaint processing	3 000 000	2 900 000
Complaint inventory write-off plan	440 200	471 400
	37 634 475	34 167 639
EXCESS OF REVENUE OVER EXPENDITURE	9 955 595	12 404 449
SURPLUS, BEGINNING OF YEAR	27 130 627	14 726 178
SURPLUS, END OF YEAR	$37 086 222	$27 130 627

COMMISSION DES NORMES DU TRAVAIL

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$64 149	$93 965
Short-term investments – at cost (Note 5)	46 080 398	36 109 919
Accounts receivable	125 066	224 234
Accrued interest on investments	140 018	116 728
	46 409 631	36 544 846
Fixed assets (Note 6)	3 035 093	1 150 445
	$49 444 724	$37 695 291
LIABILITIES		
Current liabilities		
Account payable and accrued expenses	$4 462 660	$3 006 456
Claims collected for remittance to employees (Note 7)	100 645	138 389
Vacation allowance payable to employees	2 599 400	2 424 077
	7 162 705	5 568 922
Allowance for sick leave	5 195 797	4 995 742
SURPLUS (Note 8)	37 086 222	27 130 627
	$49 444 724	$37 695 291

COMMITMENTS (Note 10)

On behalf of the Commission,
Jean-Marc Boily
Serge Larochelle

COMMISSION DES NORMES DU TRAVAIL

CASH FLOWS
as at March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$9 955 595	$12 404 449
Adjustments for:		
Depreciation of fixed assets	1 035 956	823 334
Net loss on disposal of fixed assets	74 534	
Increase in allowance for sick leave	200 055	51 086
	11 266 140	13 278 869
Change in non-cash elements related to operations:		
Increase in short-term investments	(15 800 000)	(2 800 000)
Change in accounts receivable	99 168	(28 961)
Increase in accrued interest on investments	(23 290)	(58 261)
Increase in accounts payable and accruals	1 456 204	916 822
Decrease in claims collected for remittance to employees	(37 744)	(8 082)
Increase in vacation allowance payable to employees	175 323	102 201
Cash flows generated by (used for) operating activities	(2 864 199)	11 402 588
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(3 005 671)	(891 945)
Proceeds from disposal of fixed assets	10 533	
Cash flows used for investment activities	(2 995 138)	(891 945)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5 859 337)	10 510 643
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	27 803 884	17 293 241
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 11)	$21 944 547	$27 303 884

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Commission des normes du travail, established under the Act respecting labour standards (R.S.Q., c. N-1.1), is a legal person within the meaning of the Civil Code and has all the general powers of such a legal person.

The Commission is responsible for overseeing the implementation and application of labour standards. More specifically, it must inform the population on matters dealing with labour standards, supervise the application of labour standards and, when necessary, transmit its recommendations to the Minister. The Commission also receives complaints from employees and must indemnify the latter to the extent provided for in the Act and regulations respecting labour standards and endeavour to work out agreements between employers and employees concerning their different positions on the application of said Act and regulations.

2. ACCOUNTING POLICIES

The financial statements of the Commission were prepared by management on the accrual basis in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Fixed Assets

Fixed assets are recorded at their historical cost and depreciated on a straight-line basis at the following rates:

	Rate
Equipment	20%
Furniture	20%
Automotive equipment	33 1/3%
Leasehold improvements	20%
Data processing equipment and software	33 1/3%
Development of information systems	20%

Levies

Levies were collected by the Ministère du Revenu. They are recorded according to the estimated employer contribution, based on assessments for the previous calendar year. The amount is determined jointly by this Government department and the Commission. This revenue is subject to auditing and adjustments which, if necessary, will be entered as revenue from levies for the year in which they are determined.

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Commission lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. LEVIES

Revenue from levies comprises:

	2001	2000
Estimated revenue for the year	$43 649 005	$38 365 182
Revenue for previous years:		
Fiscal 1999	2 234 111	2 747 675
Fiscal 1998		2 270 010
Fiscal 1997		845 552
Fiscal 1996		1 205 555
Other fiscal years		65 969
	2 234 111	7 134 761
	$45 883 116	$45 499 943
Growth rate applied to payroll for the previous fiscal year to establish the revenues for the fiscal year	6.50%	2.70%

4. INTEREST AND BANK CHARGES

The Board of Directors of the Commission authorized a short-term bank loan not to exceed $1 000 000 for fiscal 2001 (2000: $9 100 000). In this regard, when need be, the Commission negotiate credit facilities with various financial institutions, in the form of bank lines of credit, promissory notes or bankers' acceptances and bearing interest at the market rate. These credit facilities are negotiated every fiscal year based on the decisions of the Board of Directors. At March 31, 2001 and 2000, the bank loan included no balance.

5. SHORT-TERM INVESTMENTS

Short-term investments comprise short-term deposits and bankers' acceptances. They bear interest at the market rate, and their market value essentially corresponds to cost.

6. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Equipment	$1 049 446	$844 724	$204 722	$125 713
Furniture	528 409	423 579	104 830	17 564
Automotive equipment	23 813	17 313	6 500	12 271
Leasehold improvements	2 653 265	1 391 335	1 261 930	231 766
Data processing equipment and software	6 712 966	6 239 570	473 396	505 990
Development of information systems	1 047 541	63 826	983 715	257 141
	$12 015 440	$8 980 347	$3 035 093	$1 150 445

Fixed asset acquisitions classified under the heading: "Development of information systems" and recorded at $788 236 were not amortized in the current fiscal year since development work had not been completed and computer systems were not yet operational at year-end.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

7. CLAIMS COLLECTED PAYABLE TO EMPLOYEES

	2001	2000
Payable at the beginning of the year	$138 389	$146 471
Claims collected by employers	3 174 458	2 547 833
	3 312 847	2 694 304
Claims paid to employees	3 195 231	2 527 643
Transfer to income from claims collected for employees that could not be located	16 971	28 272
	3 212 202	2 555 915
Payable at fiscal year-end	$100 645	$138 389

8. SURPLUS

The Commission receives approximately 88% of its revenue during the last month of its fiscal year. Its operations, among other things, are financed from its surplus. For example, the $37 086 222 surplus as at March 31, 2001, will be used to finance approximately 95% of the operating expenses anticipated for the first eleven months of the coming year.

9. PENSION PLANS

The staff members of the Commission participate in the Government and Public Employees Retirement Plan (RREGOP) and in the Civil Service Superannuation Plan (CSSP), which are administered by the Commission administrative des régimes de retraite et d'assurances. These are defined benefit plans and include guaranteed payments upon retirement and death.

The Commission's contributions charged to the year-end statement amount to $741 155 (2000: $914 962). The liability of the Commission towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

10. COMMITMENTS

Under section 6.1 of the Act respecting labour standards, the Commission entered into an agreement with the Ministère du Revenu. Under this agreement, which runs until December 31, 2002 and is renewable every five years thereafter, the Ministère collects employer contributions and retains an annual collection fee according to the consumer price index.

In accordance with section 6.2 of the Act, the Commission must remit to the Minister of Labour the expenses it incurs in relation to the provisions pertaining to lawsuits filed in respect of illegal practices and wrongful dismissals. The Commission entered into agreements with the Ministère du Travail setting the maximum repayment of expenditure made by the Labour Commissioner-General at $3 000 000 for fiscal 2001 (2000: $2 900 000). For fiscal 2002, negotiations are currently under way between the Commission and the Ministère du Travail to determine the amount of expenses to be reimbursed.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

10. COMMITMENTS (cont'd)

The Commission also entered into an agreement with the Ministère du Travail under section 6.2 of the Act respecting labour standards to set up a complaint inventory write-off plan for dismissals without good and sufficient cause. Under this agreement, the Commission reimburses the Ministère du Travail for the expenses incurred for this purpose by the Bureau du commissaire général du travail. The amount to be reimbursed has been defined as $440 200 for fiscal 2001, (2000: $471 400). This agreement ends on March 31, 2001 and, as of fiscal 2002, will be incorporated into the overall agreement in keeping with the terms and conditions defined therein.

11. CASH FLOWS

The cash and cash equivalents shown in the cash flow statement consists of cash on hand, bank balances and short-term investment, maturing in no more than three months or that are transferable, and include the following amounts recorded in the balance sheet:

	2001	2000
Cash on hand	$64 149	$93 965
Short-term investments	21 880 398	27 709 919
	$21 944 547	$27 803 884

In fiscal 2001 and 2000, the Commission did not pay interest on bank loans.

12. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Commission is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Commission did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

MANAGEMENT'S REPORT

The financial statements of the Commission des normes du travail were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgments included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Commission recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. The audit committee meets with management and the auditor, reviews the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Commission's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Jean-Marc Boily
President and Chief Executive Officer

Jocelyn Girard
Director General, Administration

Québec, May 11, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Commission des normes du travail as at March 31, 2001, and the statements of revenue and expenditure and surplus and of cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with the generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 11, 2001

COMMISSION DES SERVICES JURIDIQUES
(R.S.Q., c. A-14)
GENERAL FUND

CONSOLIDATED REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	Operations		Private practice (Section 52)		Total	
	2001	2000	2001	2000	2001	2000
REVENUE						
Grants from the Gouvernement du Québec						
Regular	$62 669 600	$63 279 300	$40 932 594	$38 100 000	$103 602 194	$101 379 300
Court costs	1 635 870	1 575 184	859 130	919 816	2 495 000	2 495 000
	64 305 470	64 854 484	41 791 724	39 019 816	106 097 194	103 874 300
EXPENDITURE	66 135 795	64 535 962	37 071 987	37 406 712	103 207 782	101 942 674
	(1 830 325)	318 522	4 719 737	1 613 104	2 889 412	1 931 626
OTHER REVENUE (Note 4)	1 463 960	1 234 888	435 258	371 834	1 899 218	1 606 722
EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	$(366 365)	$1 553 410	$5 154 995	$1 984 938	$4 788 630	$3 538 348

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED SURPLUS
for the year ended March 31, 2001

	2001	2000
DEFICIT, BEGINNING OF YEAR	$(5 856 054)	$(7 656 054)
Operations		
Excess of revenue over expenditure (expenditure over revenue)	(366 365)	1 553 410
Transfer to the general reserve (Note 5)	(350 287)	(1 873 647)
Application of the general reserve (Note 6)	716 652	320 237
Private practice		
Excess of revenue over expenditure	5 154 995	1 984 938
Transfer to the general reserve (Note 5)	(432 594)	(184 938)
Application of the general reserve (Note 6)	1 277 599	
	6 000 000	1 800 000
SURPLUS (DEFICIT) END OF YEAR	$143 946	$(5 856 054)

The notes are an integral part of the consolidated financial statements.

COMMISSION DES SERVICES JURIDIQUES

GENERAL FUND

CONSOLIDATED GENERAL RESERVE
for the year ended March 31, 2001

	2001	2000
OPENING BALANCE	$3 355 980	$1 617 632
Increase in the general reserve (Note 5)	782 881	2 058 585
	4 138 861	3 676 217
Application of the general reserve (Note 6)		
Account payment – private practice	1 277 599	
Other	716 652	320 237
	1 994 251	320 237
CLOSING BALANCE	$2 144 610	$3 355 980

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure (expenditure over revenue)		
Operations	$(366 365)	$1 553 410
Private practice	5 154 995	1 984 938
	4 788 630	3 538 348
Change in non-cash working capital items (Note 7)		
Operations	4 257 673	(5 153 195)
Private practice	(436 582)	4 268 216
Cash flows related to operating activities	8 609 721	2 653 369
FINANCING ACTIVITIES		
Borrowing from the Financing Fund and cash flows related to financing activities	(6 000 000)	(6 000 000)
NET INCREASE (DECREASE) IN CASH ON HAND	2 609 721	(3 346 631)
CASH ON HAND, BEGINNING OF YEAR	6 501 247	9 847 878
CASH ON HAND, END OF YEAR	$9 110 968	$6 501 247

The notes are an integral part of the consolidated financial statements.

COMMISSION DES SERVICES JURIDIQUES

GENERAL FUND

CONSOLIDATED BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$9 110 968	$6 501 247
Accounts receivable (Note 8)	3 953 959	8 498 534
Expenses deferred to the coming fiscal year	283 677	273 970
Advances on deferred salaries	52 691	29 966
	$13 401 295	$15 303 717
LIABILITIES		
Current liabilities		
Borrowing from the Financing Fund		$6 000 000
Accounts payable (Note 9)	$9 582 580	10 594 948
Deferred salaries	289 303	101 826
Amounts collected in advance (Note 10)	1 240 856	1 107 017
	11 112 739	17 803 791
EQUITY (DEFICIENCY)		
Surplus (deficit)	143 946	(5 856 054)
General reserve	2 144 610	3 355 980
	2 288 556	(2 500 074)
	$13 401 295	$15 303 717

The notes are an integral part of the consolidated financial statements.

On behalf of the Commission des services juridiques,
Pierre Bélanger, Administrator
Hélène Leduc, Administrator

COMMISSION DES SERVICES JURIDIQUES
PROFESSIONAL LIABILITY FUND
FIRE AND THEFT FUND

CONSOLIDATED BALANCE SHEETS
as at March 31, 2001

	2001	2000
PROFESSIONAL LIABILITY FUND		
ASSETS		
Current assets		
Cash on hand	$16 341	$17 052
Interest receivable	38	
Investments (Note 11)	311 260	311 260
	$327 639	$328 312
LIABILITIES		
Current liabilities		
Owed to the General Fund	$16 379	$17 052
Equity		
Reserve	311 260	311 260
	$327 639	$328 312
FIRE AND THEFT FUND		
ASSETS		
Current assets		
Cash on hand	$13 125	$13 697
Interest receivable	30	
Investments (Note 11)	250 000	250 000
	$263 155	$263 697
LIABILITIES		
Current liabilities		
Owed tot he General Fund	$13 155	$13 697
Equity		
Reserve	250 000	250 000
	$263 155	$263 697

The notes are an integral part of the consolidated financial statements.

On behalf of the Commission des services juridiques,
Pierre Bélanger, Administrator
Hélène Leduc, Administrator

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED ADDITIONAL INFORMATION
for the year ended March 31, 2001

EXPENDITURE

	2001	2000
OPERATIONS		
Administration		
Office furniture and equipment	$1 122 766	$782 328
Other administrative expenses	278 838	288 472
Library	481 107	478 798
Assessments and professional training	647 544	566 543
Electricity	20 595	40 568
Maintenance and repairs	320 739	297 840
Office supplies	649 275	639 025
Travelling expenses	793 465	763 368
Postage	325 821	346 437
Information	52 470	51 383
Rent, taxes and permits	5 615 587	5 626 860
Directors' meeting	79 558	95 591
Professional services	654 169	834 170
Telecommunications	770 349	827 623
	11 812 283	11 639 006
Salaries and fringe benefits		
Attorneys	31 793 694	31 678 345
Other	18 482 843	17 582 682
	50 276 537	49 261 027
Judicial fees		
Free services		
Civil	3 573 804	3 216 946
Criminal	364 688	343 327
	3 938 492	3 560 273
Services for a fee		
Civil	87 531	60 986
Criminal	20 952	14 670
	108 483	75 656
	4 046 975	3 635 929
Amounts carried forward	$66 135 795	$64 535 962

CONSOLIDATED ADDITIONAL INFORMATION (cont'd)
for the year ended March 31, 2001

EXPENDITURE (cont'd)

	2001	2000
Amounts brought forward	$66 135 795	$64 535 962
PRIVATE PRACTICE (SECTION 52)		
Free services		
Professional fees		
Civil	15 898 894	16 187 467
Criminal	12 690 490	12 760 925
Notarial	59 948	74 822
	28 649 332	29 023 214
Judicial fees [a]		
Civil	5 374 708	5 361 389
Criminal	1 428 578	1 273 789
Notarial	47 900	57 821
	6 851 186	6 692 999
Other expenses	132 329	29 926
Interest	18 491	44 459
Interest on borrowing	306 157	608 296
	456 977	682 681
	35 957 495	36 398 894
Services for a fee		
Professional fees		
Civil	703 615	637 428
Criminal	102 857	94 798
Notarial	1 778	3 803
	808 250	736 029
Judicial fees [b]		
Civil	272 886	250 794
Criminal	33 060	20 887
Notarial	296	108
	306 242	271 789
	1 114 492	1 007 818
	37 071 987	37 406 712
	$103 207 782	$101 942 674

a) Includes judicial fees in the amount of $5 541 505 and other fees in the amount of $1 309 681.

b) Includes judicial fees in the amount of $256 940 and other fees in the amount of $49 302.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2001

1. STATUS

The Commission des services juridiques was established under the Legal Aid Act.

2. ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Commission des services juridiques and the following centres:

Regional centres:

Centre communautaire juridique de Montréal (including the Services juridiques communautaires de Pointe St-Charles et Petite Bourgogne Inc.)
Centre communautaire juridique des Laurentides-Lanaudière
Centre communautaire juridique de la Rive-Sud
Centre communautaire juridique de Québec
Centre communautaire juridique de l'Outaouais
Centre communautaire juridique de l'Estrie
Centre communautaire juridique du Saguenay - Lac St-Jean
Centre communautaire juridique de la Mauricie - Bois-Francs
Centre communautaire juridique du Bas St-Laurent - Gaspésie
Centre communautaire juridique de la Côte-Nord
Centre communautaire juridique de l'Abitibi-Témiscamingue

Local centre:

Clinique juridique populaire de Hull Inc., Outaouais.

Financial Statement Presentation

The financial statements were prepared in accordance with generally accepted accounting principles in Canada and take into account the following:

Accounting estimates

To draw up the financial statements, Commission management must make estimates and assumptions that affect the amounts presented as assets and liabilities, the presentation of eventual assets and liabilities as at the date of the financial statements and the amounts presented as receipts and charges for the fiscal year. The actual results may differ from these estimates.

Private Practice (Section 52)

Professional fees, judicial fees and interest paid to private practice (Section 52) are recorded on the cash basis and revenue is recorded according to amounts authorized by the Gouvernement du Québec.

Services for a Fee

Revenue from administrative expenses is recorded on the cash basis. Other contributions from beneficiaries are recorded on the cash basis for files closed during the year.

Bills of Costs and Reimbursement of Legal Aid Costs

Bills of costs and reimbursement of legal aid costs are recorded on the cash basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

2. ACCOUNTING POLICIES (cont'd)

Fixed Assets

No fixed assets fund is provided for in the books of the Commission des services juridiques. Consequently, all acquisitions of fixed assets are charged to current operations and are budgeted accordingly.

Salaries

The salaries of employees are recorded on the accrual basis for the 26 regular pay periods. Vacation pay is recorded on the cash basis.

Interest on the Borrowing from the Financing Fund

Interest on the borrowing from the Financing Fund is recorded on the cash basis.

Transfer of Funds

Under the resolutions of the Commission, the reserve of the Fire and Theft Fund and the Professional Liability Fund must be in the amount of $250 000 and $311 260 respectively. Any surplus in expenditure and revenue must be transferred to the General Fund.

3. RESTRICTION ON CASH USE

Certain community legal centre employees invoked a collective agreement clause enabling them to have amounts deducted at the source for a future paid sabbatical. The amounts deducted are included under cash and total $287 132 ($289 303 in 2000).

4. OTHER REVENUE

	2001	2000
Operations		
Services for a fee [(a)]	$741 230	$606 359
Bill of costs	47 388	45 602
Reimbursements of legal aid costs	164 875	98 844
Interest	482 136	461 582
Other	10 565	4 833
Net revenue of the Professional Liability and the Fire and Theft Fund	17 766	17 668
	$1 463 960	$1 234 888
Private practice (Section 52)		
Contributions from beneficiaries	$435 258	$371 834

a) Effective January 1, 1997, certain beneficiaries are eligible for services under the Legal Aid Act for a fee.

	2001	2000
Contributions from beneficiaries	$469 842	$352 408
Administrative expenses	257 880	245 248
Interest	13 508	8 703
	$741 230	$606 359

---

5. GENERAL RESERVE

During the fiscal year, the Commission transferred to the general reserve a sum of $350 287 ($1 873 467 in 2000) representing a portion of the surplus of Gouvernement du Québec grants to court costs, on the invoicing of these costs and a sum of $432 594 ($184 938 in 2000) from the surplus of products over charges by private practice.

6. APPLICATION OF THE GENERAL RESERVE

During the year, the Commission used $1 994 251 ($320 237 in 2000) from the general reserve for the following purposes:

	2001	2000
Informatics master plan		
Data processing equipment and software	$577 334	$99 193
Professional services	41 788	
Other expenditure	57 728	150 303
Revision of salaries for past years	39 802	
Training and information – new Legal Aid Act		70 741
	716 652	320 237
Account payment – private practice	1 277 599	
	$1 994 251	$320 237

These amounts are recorded as expenditure for the year.

7. CASH FLOW INFORMATION

Changes in working capital elements are as follows:

	2001	2000
Operations		
Accounts receivable	$4 977 169	$10 037 289
Expenses deferred to the coming fiscal year	(9 707)	(18 184)
Advances on deferred salaries	(22 725)	(141)
Accounts payable	(951 682)	(15 140 007)
Deferred salaries	187 477	(114 525)
Amounts collected in advance	77 141	82 373
	$4 257 673	$(5 153 195)
Private practice		
Accounts receivable	$(432 594)	$4 200 000
Accounts payable	(60 686)	(100 605)
Amounts collected in advance	56 698	168 821
	$(436 582)	$4 268 216

Cash flows related to interest on operating activities are as follows:

	2001	2000
Interest paid	$324 648	$652 755

---

8. ACCOUNTS RECEIVABLE

	2001	2000
Accrued interest	$8 079	$4 903
Advance to the Professional Liability Fund	16 379	17 052
Advance to the Fire and Theft Fund	13 155	13 697
Grants from the Gouvernement du Québec		
Operations		1 829 500
Private practice	432 594	
Temporary voluntary departure program	3 413 704	6 411 075
Other	70 048	222 307
	$3 953 959	$8 498 534

9. ACCOUNTS PAYABLE

	2001	2000
Accounts payable and accruals	$1 156 322	$1 039 419
Salaries and source deductions	2 861 678	1 467 788
Temporary voluntary departure program	3 639 159	6 176 627
Court costs		
Operations	1 066 291	991 298
Private practice	859 130	919 816
	$9 582 580	$10 594 948

10. AMOUNTS COLLECTED IN ADVANCE

	2001	2000
Services for a fee – permanence	$563 115	$486 304
Services for a fee – private practice	675 933	619 235
Other	1 808	1 478
	$1 240 856	$1 107 017

11. INVESTMENTS

	2001	2000
Professional Liability Fund		
Deposit certificates with the National Bank of Canada, 4.40%, maturing in September 2001	$311 260	$311 260
Fire and Theft Fund		
Deposit certificates with the National Bank of Canada, 4.40%, maturing in September 2001	$250 000	$250 000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 2001

12. COMMITMENTS

Professional Fees, Judicial Fees and Interest Paid to Private Practice (Section 52)

As at March 31, 2001, mandates referred to professionals in private practice but which remain unpaid amount to approximately $53 000 000 and break down as follows:

	Estimated cost of mandates			
	Civil	Criminal	Notarial	Total
Mandates issued under the old Legal Aid Act as at September 25, 1996				
1973-1996	$1 320 000	$320 000	$15 000	$1 655 000
1996-1997	650 000	480 000	15 000	1 145 000
	$1 970 000	$800 000	$30 000	$2 800 000
Mandates issued since September 26, 1996 under the New Legal Aid Act				
Free services				
1996-1997	$300 000	$300 000		$600 000
1997-1998	710 000	680 000	$10 000	1 400 000
1998-1999	2 490 000	2 000 000	10 000	4 500 000
1999-2000	4 500 000	3 870 000	30 000	8 400 000
2000-2001	17 480 000	15 960 000	60 000	33 500 000
	$25 480 000	$22 810 000	$110 000	$48 400 000
Services for a fee				
1996-1997	$20 000	$10 000		$30 000
1997-1998	100 000	50 000		150 000
1998-1999	110 000	100 000		210 000
1999-2000	350 000	100 000		450 000
2000-2001	760 000	200 000		960 000
	$1 340 000	$460 000		$1 800 000

Since required contributions cannot exceed the actual cost of cases, it is impossible to assess the attendant revenue. This revenue will be recorded as revenue when the claim form is paid.

The estimated costs for mandates referred to private practice were determined by the Commission des services juridiques.

Lease

The Commission and the community legal centres are committed to leases for office space and equipment which call for lease payments of $14 084 875. The minimum lease payments for the next five fiscal years amount to $4 322 055 in 2002, $3 615 406 in 2003, $2 857 282 in 2004, $2 130 946 in 2005 and $1 159 186 in 2006.

13. CONTINGENCIES

Proceedings have been instituted against some community legal centres for amounts totalling approximately $312 833. Should the Commission ever be called upon to settle claims for amounts that are presently impossible to assess, the resulting loss would be recorded as period costs. This amount pertains to professional lawsuits for which a professional liability fund has been provided for in the financial statements.

AUDITORS' REPORT

To the Members of the
Commission des services juridiques

We have audited the consolidated balance sheets of the General Fund, the Professional Liability Fund and the Fire and Theft Fund of the Commission des services juridiques as at March 31, 2001, and the consolidated statements of revenue and expenditure, surplus, general reserve and cash flows of the General Fund for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles disclosed in Note 2.

Raymond Chabot Grant Thornton
Chartered Accountants

Montréal, May 30, 2001

COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC
(R.S.Q., c. V-1.1)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Dues (Note 3)	$36 286 365	$31 782 933
Settlement agreements and fines	332 750	1 053 454
Interest on bank deposits	2 073 692	1 115 398
	38 692 807	33 951 785
EXPENDITURE		
Salaries and fringe benefits	13 215 541	9 637 227
Rent	1 871 571	1 823 848
Transportation and communications	1 043 669	2 241 724
Professional and administrative services	2 006 469	1 630 634
Reimbursement of expenses incurred by the Government for law enforcement	585 949	490 036
Maintenance and repairs	184 192	130 211
Material and supplies	387 711	383 698
Depreciation of fixed assets	1 078 760	932 160
	20 373 862	17 269 538
EXCESS OF REVENUE OVER EXPENDITURE	18 318 945	16 682 247
Payment to the Consolidated Revenue Fund (Note 4)		(9 671 311)
	18 318 945	7 010 936
SURPLUS, BEGINNING OF YEAR	24 833 762	17 822 826
SURPLUS, END OF YEAR	$43 152 707	$24 833 762

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$2 219 197	$2 036 493
Dues receivable	2 379 244	994 173
Interest receivable	1 423 483	640 136
Other accounts receivable	81 929	103 276
Prepaid expenses	377 229	315 956
	6 481 082	4 090 034
Investments (Note 5)	41 893 381	22 350 288
Fixed assets (Note 6)	2 420 762	2 538 105
	44 314 143	24 888 393
	$50 795 225	$28 978 427
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$4 803 111	$1 703 533
Dues to be refunded	413 268	335 772
Contribution to the Consolidated Revenue Fund payable	605 470	591 978
Income collected in advance		83 977
	5 821 849	2 715 260
Allowance for sick leave (Note 9)	1 820 669	1 429 405
	7 642 518	4 144 665
SURPLUS		
Unappropriated surplus	12 624 312	
Contingency Reserve (Note 7)	30 528 395	24 833 762
	43 152 707	24 833 762
	$50 795 225	$28 978 427

On behalf of the Commission,
Carmen Crépin
Viateur Gagnon

COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC

CASH FLOW
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$18 318 945	$16 682 247
Adjustments for:		
Depreciation of fixed assets	1 078 760	932 160
Earnings on sale of immoveables	(869)	
Increase in the provision for sick leave	391 264	61 733
	19 788 100	17 676 140
Change in non-cash elements of the Working Capital Fund:		
Increase in fees and other debtors	(1 363 724)	(227 402)
Increase in interest receivable	(783 347)	(360 222)
Increase in prepaid expenses	(61 273)	(57 358)
Change in creditors and accrued liability	3 099 578	(192 041)
Decrease in refundable fees	77 496	(13 129)
Increase in the amount owing by the Gouvernement du Québec	13 492	591 978
Change in revenue collected in advance	(83 977)	83 977
	898 245	(174 197)
Cash flows related to operating activities	20 686 345	17 501 943
INVESTMENT ACTIVITIES		
Acquisition of investments	(42 413 064)	(21 095 674)
Sale of investments	22 869 971	22 920 646
Acquisition of fixed assets	(961 417)	(358 859)
Proceeds from the sale of immoveables	869	
Cash flows related to investment activities	(20 503 641)	1 466 113
FINANCING ACTIVITIES		
Cash flows related to financing activities:		
Payment to the Consolidated Revenue Fund		(20 351 033)
NET CHANGE IN CASH ON HAND	182 704	(1 382 977)
CASH ON HAND, BEGINNING OF YEAR	2 036 493	3 419 470
CASH ON HAND, END OF YEAR	$2 219 197	$2 036 493

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Commission des valeurs mobilières was established by the Securities Act (R.S.Q., c. V-1.1) for the purpose of administering said Act and performing the functions provided for therein.

The Commission is a legal person acting as an agent of the Government.

Its mission is to:

- favour the smooth operation of the securities market;
- protect investors against dishonest, fraudulent and abusive practices;
- control the information of security holders and the public regarding persons making public offerings and the securities offered;
- supervise the activities of securities professionals, their associations, and organizations responsible for overseeing the operations of securities markets.

2. ACCOUNTING POLICIES

The financial statements of the Commission were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgements. These estimates include a provision for retroactive payment of Commission employee salaries, which will be renegotiated in the coming year. The amount of this provision may vary significantly after negotiations have terminated.

Investments

Investments are recorded at cost.

Fixed Assets

Fixed assets are recorded at cost and depreciated over their useful lives on a straight-line basis at the following rates:

Data processing equipment	33%
Software	33%
Office equipment	20%
Office furniture	20%
Leasehold improvements	20%

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Commission lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. DUES

	2001	2000
Corporate financing	$24 170 056	$21 725 714
Inscriptions	8 496 574	6 477 909
Financial information	3 450 310	3 222 765
Inspections	151 725	266 773
Other	17 700	89 772
	$36 286 365	$31 782 933

---

4. PAYMENT TO THE CONSOLIDATED REVENUE FUND

Under section 26 of the Act to amend the Securities Act, the Commission's revenue may exceed its approved expenditure for the fiscal years 1997-1998, 1998-1999 and 1999-2000, thereby generating a surplus which must be paid into the Consolidated Revenue Fund.

For the fiscal year 1999-2000, $9 671 311 was paid into the Consolidated Revenue Fund. This sum represents 50% of the surplus for the previous fiscal year, i.e. $9 885 726, minus $214 415 for the equity income reimbursed to the Commission by the Bureau des services financiers under section 576 of the Act respecting the distribution of financial products and services.

5. INVESTMENTS

Investments comprise demand deposits, deposit certificates and guaranteed promissory notes bearing interest at a fixed rate until maturity; these rates fall between 4.97% and 6.48%. These investment mature during the coming fiscal year. They are presented in the long term given that they will be renewed at maturity and that they are not held in order to meet short-term cash commitments.

6. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Data processing equipment	$1 628 870	$896 126	$732 744	$471 978
Software	701 292	362 907	338 385	270 589
Office equipment	484 789	224 907	259 882	336 657
Office furniture	1 934 336	917 164	1 017 172	1 366 943
Leasehold improvements	132 014	59 435	72 579	91 938
	$4 881 301	$2 460 539	$2 420 762	$2 538 105

7. CONTINGENCY RESERVE

As stipulated in section 276.4 of the Securities Act (R.S.Q., c. V-1.1), the Commission resolved to create a contingency reserve of a maximum of the higher of $30 000 000 or total expenses estimated for the Commission's coming fiscal year based on the plan proposed to the Government. This reserve was created to offset unforeseen changes in the Commission's expenditures and/or revenues.

8. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Commission is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Commission did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

9. FRINGE BENEFITS

Pension Plans

The staff members of the Commission participate in the Government and Public Employees Retirement Plan (RREGOP) or the Civil Service Superannuation Plan (CSSP). These are defined benefit plans and include guaranteed payments upon retirement and death.

The Commission's contributions charged to results on the year-end statement amount to $250 300 ($411 245 for 2000). The liability of the Commission towards this Government plan is restricted to its contributions as an employer.

---

9. FRINGE BENEFITS (cont'd)

Pension Plans (cont'd)

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave

	2001	2000
Opening balance	$1 429 405	$1 367 672
Expenditures for the year	615 533	240 937
Benefits paid during the year	(224 269)	(179 204)
Closing balance	$1 820 669	$1 429 405

MANAGEMENT'S REPORT

The financial statements of the Commission des valeurs mobilières du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. Management carries out audits periodically to ensure that the internal controls applied regularly by the Commission are appropriate and consistent.

The Commission recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

On the recommendation of the auditing committee, the Commission's assembly of members has adopted the audited financial statements and auditor's report.

The Auditor General of Québec has conducted an audit of the Commission's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with management to discuss any element concerning his audit.

Carmen Crépin
President

Linda Levasseur
Director of Administration

Québec, May 17, 2001

COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Commission des valeurs mobilières du Québec as at March 31, 2001, and the statements of revenue, expenditure and surplus and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and cash flows for the year than ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5-01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 17, 2001

CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC
(R.S.Q., c. C-57.02)

REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	2001	2000 (Note 3)
REVENUE		
Subsidies from the Gouvernement du Québec		
Financial assistance	$56 918 650	$57 153 500
Administration fees	4 823 450	4 474 500
	61 742 100	61 628 000
Interest on short-term investments	1 265 366	679 019
	63 007 466	62 307 019
EXPENDITURE		
Financial assistance granted		
Theatre	19 754 180	20 597 402
Music	17 772 592	17 480 785
Visual and media arts	10 128 523	9 252 894
Dance	7 160 713	7 332 181
Literature	2 542 771	2 159 460
Multidisciplinary and multimedia arts	1 041 200	1 033 646
Other activities	107 000	110 850
	58 506 979	57 967 218
Cancellation of financial assistance granted in previous years	(404 642)	(56 445)
	58 102 337	57 910 773
Administrative expenses (Note 4)	4 647 164	4 513 075
	62 749 501	62 423 848
EXCESS (DEFICIENCY) OF REVENUE OVER REVENUE	$257 965	$(116 829)

DEFICIT
for the year ended March 31, 2001

	2001	2000
OPENING BALANCE		
Previously established balance	$134 005	$225 286
Adjustment (Note 3)	(741 175)	(715 627)
Adjusted balance	(607 170)	(490 341)
Excess (deficiency) of revenue over expenditure	257 965	(116 829)
CLOSING BALANCE	$(349 205)	$(607 170)

CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000 (Note 3)
ASSETS		
Current assets		
Cash on hand	$543 655	$53 943
Short-term investments at 4.9%, at cost	16 186 300	16 249 967
Accounts receivable	49 413	35 976
Subsidies receivable	1 500 000	61 900
Prepaid expenses	17 843	40 497
	18 297 211	16 442 283
Fixed assets (Note 5)	98 596	
	$18 395 807	$16 442 283
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$544 843	$460 855
Financial assistance payable	16 425 506	15 847 423
	16 970 349	16 308 278
Financial assistance payable	900 000	
Provision for sick leave and vacation time (Note 6)	874 663	741 175
	18 745 012	17 049 453
DEFICIT	(349 205)	(607 170)
	$18 395 807	$16 442 283

TRUST FUNDS (Note 8)

COMMITMENTS (Note 10)

On behalf of the Board of Directors,
Suzanne Masson
Marie Lavigne

CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	$257 965	$(116 829)
Elements with no impact on liquid assets		
Depreciation of fixed assets	20 988	
	278 953	(116 829)
Change in assets and liabilities linked to operations		
Change in accounts receivable	(13 437)	156 273
Increase in subsidies receivable	(1 438 100)	(61 900)
Change in prepaid expenses	22 654	(14 041)
Increase in accounts payable and accrued liabilities	83 988	87 655
Decrease in deferred subsidies		(575 000)
Increase in the provision for sick leave and vacation time	133 488	25 548
Increase in financial assistance payable	1 478 083	14 467 593
	266 676	14 086 128
Cash flows provided by operating activities	545 629	13 969 299
INVESTMENT ACTIVITIES		
Cash flows used for investment activities		
Depreciation of fixed assets	(119 584)	
INCREASE IN CASH AND CASH EQUIVALENTS	426 045	13 969 299
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	16 303 910	2 334 611
CASH AND CASH EQUIVALENTS – END OF YEAR (Note 7)	16 729 955 $	16 303 910 $

CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Conseil is a corporation established under the Act respecting the Conseil des arts et des lettres du Québec (R.S.Q., c. C-57.02). It is competent to act in the fields of visual arts, arts and crafts, literature, performing arts, multidisciplinary arts, media arts and in matters of architectural research. The object of the Conseil is to support creation, experimentation and production in all regions of Québec and to foster the diffusion thereof in Québec and, in compliance with Québec's policies in matters of Canadian intergovernmental affairs and international affairs, elsewhere in Canada and abroad. A further object of the Conseil is to support artists in the development of their crafts.

The Conseil administers the following trust funds: "Orchestre symphonique de Montréal", "Orchestre symphonique de Québec" and "Québec – New York 2001".

2. ACCOUNTING POLICIES

The financial statements of the Conseil were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgments.

The Conseil's accounts do not include those of the trust funds.

Cash and cash equivalents

The Conseil's policy is to present as cash and cash equivalents bank balances and short-term investments maturing in no more than three months.

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Conseil lacks sufficient information to apply the accounting procedure for defined benefit plans.

Immoveables

Immoveables are recorded at cost and amortized using the straight-line method of amortization over the estimated service life, namely:

Furniture	5 years
Computer equipment	3 years
Computer-related development	3 years
Leasehold improvements	Term of lease

Financial assistance granted

The financial assistance granted is recorded when authorized and when the beneficiary meets the eligibility criteria.

3. CHANGE IN ACCOUNTING POLICY

The liabilities resulting from sick leave and vacation time accumulated by Conseil employees are recorded to liabilities on the balance sheet. The annual change in this provision is posted to the expenditures for the fiscal year.

Previously, these expenses were posted to operations in the fiscal year during which the employees used their sick leave. This changes, applied retroactively, will increase (decrease) the following items in the financial statements.

	2001	2000
Results		
Salaries and fringe benefits	$133 488	$25 548
Excess (deficiency) of revenue over expenditure	(133 488)	(25 548)

CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

3. CHANGE IN ACCOUNTING POLICY (cont'd)

	2001	2000
Balance sheet		
Provision for sick leave and vacation time	$874 663	$741 175
Deficit	(874 663)	(741 175)

4. ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and fringe benefits	$3 327 801	$3 156 335
Professional, administrative, and other services	490 089	411 766
Transportation and communications	393 564	350 528
Rent	331 341	345 621
Materials and supplies	71 515	239 045
Maintenance and repairs	11 866	9 780
Depreciation of fixed assets	20 988	
	$4 647 164	$4 513 075

5. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Furniture	$6 525	$354	$6 171	
Computer equipment	34 068	1 924	32 144	
Computer-related development	44 700	14 900	29 800	
Leasehold improvements	34 291	3 810	30 481	
	$119 584	$20 988	$98 596	

6. FUTURE FRINGE BENEFITS

Pension plan

The staff members of the Conseil participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Conseil's contributions charged to the year-end statement amount to $90 328 (2000: $145 334). The liability of the Conseil towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

6. FUTURE FRINGE BENEFITS (cont'd)

Provision for sick leave and vacation time

	2001			2000
	Sick leave	Vacation time	Total	Total
Opening balance	$435 472	$305 703	$741 175	$715 627
Charges for the year	220 781	108 641	329 422	320 787
Benefits paid during the year	(123 988)	(71 946)	(195 934)	(295 239)
Closing balance	$532 265	$342 398	$874 663	$741 175

7. CASH FLOWS

The cash and cash equivalents shown in the cash flow statement include the following amounts recorded on the balance sheet:

	2001	2000
Cash on hand	$543 655	$53 943
Short-term investments	16 186 300	16 249 967
	$16 729 955	$16 303 910

8. TRUST FUNDS

Trust Fund – Orchestre symphonique de Montréal (OSM)

Under an agreement signed in January 1997, Loto-Québec paid a sum of $5 million into a trust fund to help improve the OSM's financial position.

The Conseil served as fund trustee.

The Conseil paid the sums deposited in the fund, plus interest, to the OSM according to the terms of the agreement. The agreement terminated on November 10, 2000.

Balance Sheet
as at March 31, 2001

	2001	2000
Assets		
Cash on hand		$646 310
Accrued interest		6 490
Short-term investments, at cost		773 307
Advance to OSM, interest-free, convertible into contributions		774 350
		$2 200 457
Fund balance		$2 200 457

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

8. TRUST FUNDS (cont'd)

Trust Fund – Orchestre symphonique de Montréal (OSM) (cont'd)

Changes in Fund Balance
for the year ended March 31, 2001

	2001	2000
Opening Fund balance	$2 200 457	$2 473 818
Increase		
Interest	43 956	60 450
	2 244 413	2 534 268
Decrease		
Contributions deposited	2 244 413	333 811
Closing Fund balance		$2 200 457

Trust Fund – Orchestre symphonique de Québec (OSQ)

Under an agreement signed in March 1997 and amended in September 1998, the Commission de la capitale nationale du Québec paid a sum of $300 000 into a trust fund to help improve the OSQ's financial position. The OSQ made a commitment to solicit at least $300 000 in financial support from the private sector and to deposit this amount in the trust fund.

The Conseil served as fund trustee.

In keeping with the terms and conditions of the agreement, the Conseil paid the amounts deposited in the fund to the OSQ. The agreement terminated on October 31, 2000.

Balance Sheet
as at March 31, 2001

	2001	2000
Assets		
Cash on hand		$14 876
Fund balance		$14 876

Changes in Fund Balance
for the year ended March 31, 2001

	2001	2000
Opening Fund balance	$14 876	$14 133
Increase		
Interest	616	743
	15 492	14 876
Decrease		
Contributions deposited	15 492	
Closing Fund balance		$14 876

8. TRUST FUNDS (cont'd)

Trust Fund – Québec – New York 2001

Under an agreement signed in November 2000 and amended the following December 14, the Commissariat général Québec – New York 2001 committed to paying $323 000 into a trust fund in order to award subsidies to artistic organizations for the presentation of performances or exhibitions within the context of the event Québec – New York 2001.

The Conseil serves as fund trustee.

The Conseil pays the amounts to organizations according to the terms and condition of the agreement and in keeping with current procedure. The agreement will terminate on December 31, 2001. The Conseil and the Commissariat will agree on how the interest generated by the Fund will be used.

Balance Sheet
as at March 31, 2001

	2001	2000
Assets		
Cash on hand	$20 105	
Short-term investments at 4.95% - at cost	79 924	
Accrued interest	457	
Contribution receivable	223 000	
	$323 486	
Liabilities		
Financial assistance payable	$323 000	
Closing Fund balance	486	
	$323 486	

Changes in Fund Balance
for the year ended March 31,, 2001

	2001	2000
Opening Fund balance		
Increase		
Contributions	$323 000	
Interest	486	
	323 486	
Decrease		
Contributions granted	323 000	
Closing Fund balance	$486	

---

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Conseil is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Conseil did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

10. COMMITMENTS

The Conseil is committed under a long-term occupancy agreement ending March 31, 2004 to the Société immobilière du Québec for the Québec City office and ending August 31, 2005 for the Montréal office.

Rental costs for the fiscal year ended March 31, 2001 for these offices were $291 268. Minimum future payments are as follows:

2002	$285 716
2003	285 716
2004	285 716
2005	135 153
2006	56 315
	$1 048 616

11. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

CONSEIL DES ARTS ET DES LETTRES DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Conseil des arts et des lettres du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Conseil recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Board of Directors, through its audit committee, must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Conseil's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Marie Lavigne
President and Chief Executive Officer

Québec, May 17, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Conseil des arts et des lettres du Québec as at March 31, 2001, and the statements of revenue and expenditure, deficit and cash flows for the year then ended. I have also audited the balance sheets of the "Orchestre symphonique de Montréal", "Orchestre symphonique de Québec" and "Québec – New York 2001" trust funds, which are administered by the Conseil, as at March 31, 2001, and the statements of changes in fund balance for the year then ended. The financial statements for these funds are disclosed in Note 8. These financial statements are the responsibility of the Conseil's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Conseil and its trust funds as at March 31, 2001, and the results of their operations and cash flows of the Conseil and its trust funds for the year than ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in recording sick leave and vacation time accumulated by employees explained in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 17, 2001

CORPORATION D'HÉBERGEMENT DU QUÉBEC
(R.S.Q., c.C-68.1)

CONSOLIDATED INCOME STATEMENT
for the year ended March 31, 2001
(in thousands of dollars)

	2001 (Note 26)
REVENUES	
Interest income	198 196
Rental income:	
- Health network (Note 4)	93 544
- Other – net (Note 5)	585
Management fees related to mandated projects and their financing	1 450
Government of Canada subsidy (Note 6)	466
Gain on the disposal of real estate	36
Amortization of deferred contributions	14 170
Revenue from projects under study	2 684
Other	320
	311 451
EXPENDITURES	
Interest– net (Note 7)	255 247
Amortization (Note 8)	14 375
Overall and administrative expenditures (Note 9)	5 979
Reduction in value of immoveables	747
Costs related to projects under study	2 684
	279 032
NET INCOME	32 419

CORPORATION D'HÉBERGEMENT DU QUÉBEC

CONSOLIDATED RETAINED EARNINGS (DEFICIT)
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000 (Note 3)
OPENING BALANCE		
Previously established balance	1 036	741
Adjustment (Note 3)	(7 719)	(5 306)
Adjusted balance for the year	(6 683)	(4 565)
Net income (loss)	32 419	(2 118)
CLOSING BALANCE	25 736	(6 683)

CONSOLIDATED CONTRIBUTED SURPLUS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000 (Note 3)
OPENING BALANCE	407 096	334 727
Adjustment (Note 3)	(405 537)	(334 727)
Adjusted balance	1 559	
Subsidies received from the Gouvernement du Québec for the repayment of the long-term debt for unamortizable real estate		1 557
Surplus of fair value over cost of property acquired for a minimal consideration or nothing	17	2
CLOSING BALANCE	1 576	1 559

CORPORATION D'HÉBERGEMENT DU QUÉBEC

CONSOLIDATED BALANCE SHEET
as at March 31, 2001
(in thousands of dollars)

	2001	2000 (Note 3)
ASSETS		
Short-term investments – at cost	735	49 199
Accounts receivable	12 720	406
Accrued subsidies receivable from the Gouvernement du Québec (Note 10)	998	62 545
Rental payments receivable (Note 11)	18 214	
Loans (Note 12)	2 115 229	2 329 428
Claims receivable – mandated projects (Note 13)	442 665	550 632
Fixed assets (Note 14)	1 178 756	1 088 594
Preliminary studies	18 889	21 122
Other asset items (Note 15)	7 982	2 634
	3 796 188	4 104 560
LIABILITIES		
Outstanding cheques less cash on hand	3 482	1 595
Accounts payable and withholdings on contracts payable	35 181	23 728
Accrued interest (Note 16)	63 190	74 217
Short-term borrowings (Note 17)	1 443 683	1 325 641
Long-term debt (Note 18)	2 103 133	2 584 617
Deferred contributions (Note 19)	120 207	99 886
	3 768 876	4 109 684
SHAREHOLDER'S EQUITY		
Capital stocks (Note 20)		
Contributed surplus	1 576	1 559
Retained earnings (deficit)	25 736	(6 683)
	27 312	(5 124)
	3 796 188	4 104 560

DERIVATIVE FINANCIAL INSTRUMENTS (Note 22)

COMMITMENTS AND CONTINGENCIES (Note 23)

On behalf of the Board of Directors,
Michel Salvas, President
Claude Desjardins, Vice-President

CORPORATION D'HÉBERGEMENT DU QUÉBEC

CONSOLIDATED CASH FLOWS
for the year ended March 31, 2001
(in thousands of dollars)

	2001 (Note 26)
CASH FOWS RELATED TO OPERATING ACTIVITIES	
Net income	32 419
Items not affecting cash and cash equivalents	
Gain on disposal of fixed assets	(36)
Reduction in value of immoveables	747
Interest on irregular coupon bonds	10 702
Amortization	
Immoveables	14 633
Other asset items	407
Deferred contributions	(14 170)
Net change in assets and liabilities linked to operations	
Accounts receivable	(11 886)
Accrued subsidies receivable from the Gouvernement du Québec	61 547
Rental payments receivable	(18 214)
Accounts payable and withholdings on contracts payable	7 834
Accrued interest	(11 027)
	72 956
CASH FLOWS RELATED TO INVESMENT ACTIVITIES	
Net receipts from loans	93 923
Net receipts from accounts payable – mandated projects	107 432
Net encashment of amounts receivable from the Gouvernement du Québec linked to the long-term debt	34 409
Acquisition of immoveables	(97 442)
Proceeds from the disposal of furniture	429
Net receipts from projects under study	2 690
Net variation in other assets items	(5 755)
	135 686
CASH FLOWS RELATED TO FINANCING ACTIVITIES	
Net changes in short-term borrowings	118 042
Repayment of the long-term debt	(378 020)
Change in deferred contributions	985
	(258 993)
DECREASE IN CASH AND CASH EQUIVALENTS	(50 351)
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	47 604
CASH AND CASH EQUIVALENT, END OF YEAR (Note 25)	(2 747)

NOTES TO FINANCIAL STATEMENTS
as at March 31, 2001
(in thousands of dollars)

1. CONSTITUTION, PURPOSE AND ACTIVITIES

Until November 30, 1999, the Corporation d'hébergement du Québec (the Corporation) was a non-profit organization created under Part III of the Québec Companies Act. On December 1, 1999, the Corporation became a corporate entity with partnership capital, incorporated under the act respecting the Corporation d'hébergement du Québec (R.S.Q., c. C-68.1).

The Corporation's mission is, for consideration and with a view to self-financing, to offer health and social services players technical and financial expertise as the funding required for the management, construction, maintenance and acquisition of immovables, equipment and health and social service infrastructures.

Its mission also includes owning, and renting out for consideration, property used or to be used by a health and social services establishment, regional board or regional council contemplated in the act respecting health services and social services (R.S.Q., c. S-4.2) or the Act respecting health services and social services for Cree Native persons (R.S.Q., c. S-5) or any other person, corporation or association designated for this purpose by the Minister or the Government. The sections of the legislation allowing the Corporation to finance itself came into effect only on April 1, 2000.

2. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation were prepared by management in accordance with the generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

CONSOLIDATION PERIMETER

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, the Société d'implantation du Centre hospitalier de l'Université de Montréal Inc. (SICHUM).

IMMOVEABLES

Operational buildings

The buildings purchased by the Corporation are recorded at cost or fair value when the consideration is minimal or nothing. The surplus of the fair value of property over its cost is recorded under the contributed surplus. The surplus of the fair value of buildings over their cost is recorded under deferred contributions.

The buildings are amortized according to the annuity method (growing allotment), at a rate of 5% for amortization periods ranging from 35 to 50 years.

Buildings under construction

The cost of buildings under construction includes, in addition to direct costs, a relevant fraction of the related overall and administrative expenditures and financing costs. Financing costs are capitalized to buildings under construction until they are transferred to operational buildings.

Buildings intended for sale

Buildings intended for sale are evaluated at the amortized cost or the net realizable value, whichever is less. No amortization is recorded for this buildings once the Corporation has decided to dispose of them.

Leased furniture and equipment

Leased furniture and equipment attributable to immoveables are recorded at cost. The amortization is calculated over the estimated service life using the straight-line method over a period of 10 years.

PROJECTS UNDER STUDY

In addition to direct costs, projects under study include administrative expenses and financing charges, which are recorded until study costs are transferred to construction or repair costs or until the costs of the studies is reimbursed by the Ministère de la Santé et des Services sociaux for projects that will not be implemented.

2. ACCOUNTING POLICIES (cont'd)

CAPITALIZED INTEREST

The portion of the interest expense attributable to immoveables under construction is capitalized taking into account the weighted average interest rate for short-term borrowings.

OTHER ASSETS

Issuing expenses, discount charges and premiums related to the long-term debt

Discounts, premiums and issuing expenses linked to the long-term debt are recorded and amortized over the duration of the respective debt according to the straight-line method.

Deferred charges - conservation

Conservation expenses incurred on immoveables are recorded to Deferred charges and amortized over 15 years once projects have been completed in their entirety. The amounts can be invoiced to lessees. The expenses are recovered over the same 15-year period.

Computer system development expenses

Computer system development expenses are recorded at cost and amortized according to the straight-line method over 5 years.

Furniture and equipment

The furniture and equipment used for administrative purposes is recorded at cost. The amortization is calculated over the estimated service life according to the straight-line method over 10 years for the furniture and 5 years for the equipment.

Workplace layout

Workplace layout is amortized according to the straight-line method over 6 years.

LONG-TERM DEBT

The bonds issued with irregular coupons are recorded at face value, increased annually by capitalizing the interest charge at the effective rate, according to the compound interest method.

DEFERRED CONTRIBUTIONS

The deferred contributions comprise the excess the fair value of buildings over their cost when the consideration is minimal or zero and of amounts received from organizations to fund construction projects. They are gradually transferred to results using the same amortization method as for the buildings in question.

Contributions for the acquisition of immoveables received in the form of subsidies are transferred to results using the same amortization as the immoveables they refer to.

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation uses guaranteed interest rate contracts to manage the risks resulting from interest rate fluctuations. Since they are only use for coverage, the book values of these financial instruments are not adjusted according to their current market value. All amounts receivable or payable subsequent to forward rate agreements are recorded by adjusting interest payable on an accrual basis for the duration the debt is covered.

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

3. CHANGE IN ACCOUNTING POLICY

As of this fiscal year, the Corporation presents its financial statements in keeping with generally accepted Canadian accounting principles, which retroactively changes the following accounting policies:

Buildings operating

The buildings purchased by the Corporation are recorded at cost or fair value when the consideration is minimal or zero. The excess of fair value of property over cost is posted to the contributed surplus. The excess of fair value of buildings over their cost is posted to deferred contribution. Formerly, buildings purchased were recorded at cost or the municipal assessment, whichever was less, and the appreciation value was posted to the contributed surplus.

Amortization of immoveables

The immoveable buildings operating, furniture and equipment are amortized, although they were not in the past.

Issuing expenses, discount charges and premiums related to bond issues

All discounts, premiums and issuing expenses related to bond issues are deferred and amortized over the duration of the debt whereas formerly these costs were capitalized to immoveables or passed on to results.

Deferred contributions

The deferred contributions comprise the excess fair value of buildings over their cost when the consideration is minimal or zero and of amounts received from organizations to fund construction projects. They are gradually transferred to results using the same amortization method as for the buildings in question.

Contributions for the acquisition of immoveables received in the form of subsidies are transferred to results using the same amortization as the immoveables they refer to.

All contributions were formerly recorded to the Corporation's equity as contributed surplus.

Regular coupon bonds

Interest on bonds with irregular coupons are recorded at the effective rate of these debts whereas formerly the interst was recorded according to the conditions stipulated in the agreement.

Impact of changes

The retroactive application of these changes increases (decreases) the following items of the financial statements:

	2000
Accounts receivable	88
Loans	36 063
Admissible claims – mandated projects	(6 000)
Real property	(286 496)
Other assets	2 634
Long-term debt	59 660
Deferred contributions	99 886
Contributed surplus	(405 537)
Retained earnings	(7 719)
Net earnings	(2 413)

The effect of these changes on the fiscal year ended March 31, 2001 is not presented, given the major changes in the presentation of the Corporation's financial statements since April 1, 2000.

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

4. RENTAL INCOME – HEALTH NETWORK

The rental income comes from 15-year leases, signed as of April 1, 2000 with hospital centres (CH), local community service centres (CLSC), extended care hospital centres (CHSLD) and other health network organizations occupying the Corporation's buildings. This income is established annually based on the Corporation's rate-setting policy so as to recover the costs related to managing these buildings.

5. RENTAL INCOME – OTHERS - NET

	2001
Rental income	3 147
Charges	
Operating expenses	1 307
Interest	474
Conservation work	523
Amortization of buildings	258
	2 562
	585

6. SUBSIDIES FROM THE GOVERNMENT OF CANADA

Under section 95 of the National Housing Act (R.S.C., c. N-11), the Corporation is eligible for financial assistance from the Government of Canada to help pay the cost of public housing projects. To date, 24 projects have been declared eligible.

7. INTEREST - NET

	2001
Interest on long-term debt	
Bonds	50 569
Notes	122 817
Other debts	9 688
Amortization of discounts, premiums and issuing for long-tem debts	333
Other financial expenses	139
	183 546
Less:	
Interest income from an amortization fund related to the Corporation's immoveables managed by the Ministère des Finances	2 306
	181 240
Interest on short-term borrowings	
Interest	81 638
Less:	
Interest posted to immoveables under construction owned by the Corporation and to projects under	7 303
Interst income	328
	74 007
	255 247

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

7. INTEREST– NET (cont'd)

The interest charges on borrowing contracted from related enterprises totalled $126.2 M for long-term borrowings and $26.8 M for short-term borrowings.

8. AMORTIZATION

	2001
REAL ESTATE	
Buildings operating	12 463
Rented furniture and equipment	1 912
	14 375

9. GENERAL AND ADMINISTRATIVE CHARGES

	2001
Salaries and fringe benefits	5 295
Cost of offices occupied by the Corporation	532
Professional services	347
Mail, courier services, communications and marketing	165
Computers	210
Administrative and office expenses	301
Other charges	246
Amortization of furniture and equipment, computer system development and workplace layout expenses	74
Bank of vacation time and sick leave taken over in the transfer of employees and their fringe benefits from the Ministère de la Santé et des Services sociaux	932
	8 102
Less:	
Expenses posted to real estate and projects under study	2 123
	5 979

10. SUBSIDIES ACCRUED AND RECEIVABLE FROM THE GOUVERNEMENT DU QUÉBEC

	2001	2000 (Note 3)
Subsidies accrued and receivable related to the repayment of:		
Interest on the long-term debt		61 247
Abandoned projects	998	989
Other		309
	998	62 545

11. RENT RECEIVABLE

At March 31, 2000, the Corporation posted a subsidy receivable from the Ministère de la Santé et des Services sociaux for interest accrued but not payable relayed to long-term borrowings recorded in its financial statements. Since the Corporation no longer receives a subsidy from the Ministère de la Santé et des Services sociaux, this amount was converted, with the Department's approval, to "rent receivable". This rent receivable will be repaid to the Corporation by the establishments according to a payment schedule approved by the Conseil du trésor.

12. LOANS

	2001	2000 (Note 3)
Regional health and social services boards (*) (**)	1 952 458	
Health network establishment (**)	162 771	301 000
Gouvernement du Québec (***)		2 028 428
	2 115 229	2 329 428

* The portion of these loans related to long-term debts represents $1 472.5 M. They may be cashed on September 30 and March 31 each year and are guaranteed by a real estate mortgage. The amounts received correspond to the capital and interest instalments payable on the long-term debt whose interest rates vary between 4.75% and 12.25% for maturity date between 2002 and 2003. At March 31, 2001, receivables of $480 M concerned short-term financing.

** Short-term receivables are established on the basis of a rotating credit margin whose rate currently equals the prime rate minus 1%.

*** According to an agreement between the Ministère de la Santé et des Services sociaux and the Corporation, the balance of receivables from the Gouvernement du Québec was converted to a loan to the health and social services network as of April 1, 2000.

13. ACCOUNTS RECEIVABLE – MANDATED PROJECTS

Accounts receivable – mandated projects includes all direct costs plus management fees and interest related to construction projects entrusted to the Corporation by the health network. These accounts receivable were repaid on project completion by cashing the financing contracted by the establishment.

14. REAL ESTATE

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value (Note 3)
Buildings operating				
Land	51 324		51 324	50 128
Buildings	1 095 319	134 884	960 435	939 842
	1 146 643	134 884	1 011 759	989 970
Buildings under construction				
Land	6 129		6 129	4 655
Buildings	126 508		126 508	75 124
	132 637		132 637	79 779
Buildings slated for sale				
Land	4 471		4 471	1 820
Buildings	14 788		14 788	1 011
	19 259		19 259	2 831
Rented furniture and equipment	21 777	6 676	15 101	16 014
	1 320 316	141 560	1 178 756	1 088 594

14. REAL ESTATE (cont'd)

COSTS CAPITALIZED TO REAL ESTATE

During the year, the following costs were capitalized to real estate.

	2001
Interest on short-term borrowings	6 153
General and administrative charges	1 469

15. OTHER ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value (Note 3)
Issuing, discount and premium expenses linked to the long-term debt	3 523	1 158	2 365	2 634
Deferred expenses - conservation	4 211		4 211	
Computer system development expenses	458	19	439	
Furniture and equipment	629	47	582	
Workplace layout	393	8	385	
	9 214	1 232	7 982	2 634

16. INTEREST ACCRUED

	2001	2000
Related parties	44 091	51 266
Other	19 099	22 951
	63 190	74 217

17. SHORT-TERM BORROWINGS

	2001	2000
Discount notes		
Related parties, 5.72% and 5.79%	24 485	
Other, 4.64% to 6.02% (2000: 4.84% to 5.76%)	868 105	855 876
Notes at par value		
Financing Fund of the Gouvernement du Québec, 4.58% to 5.76% (2000: 5.26% to 5.48%)	551 093	466 765
Gouvernement du Québec (2000: 5.26%)		3 000
	1 443 683	1 325 641

As at March 31, 2001, the Corporation had two credit margins of $10 M and $25 M. they are renewable annually on September 30 and December 1 respectively. The amounts used bear interest at the prime rate.

18. LONG-TERM DEBT

	2001	2000 (Note 3)
Bonds		
- 4.75% to 6%, maturing from 2001 to 2015	106 380	130 700
- 6.15% to 10%, maturing from 2002 to 2005	67 704	67 704
- 10.10% to 12.25%, maturing from 2001 to 2018	195 462	306 798
- Interest-free for certain period and bearing interest for the remainder from 68% to 180% (effective rates of 10.46% to 11.94%), maturing between 2002 and 2015 including capitalizable interest	106 431	95 160
Borrowing on notes from the Financing Fund of the Gouvernement du Québec at variable rates:		
- 5.25% to 6.50%, maturing from 2002 to 2010	721 031	753 716
- 6.77% to 7.75%, maturing from 2000 to 2023	544 185	727 712
- 8.59% to 10.25%, maturing from 2002 to 2021	355 057	373 789
Borrowing on notes from Financement-Québec at variable rates:		
- 6.12% to 6.18%, maturing in 2003 and 2005	1 011	221
- 7.60% to 8.32%, maturing from 2003 to 2019	7 339	7 743
- 9.37% to 10.25%, maturing from 2001 to 2018	3 209	2 651
Borrowing from the Canada Mortgage and Housing Corporation at variable rates:		
- 5.88% to 6.25%, maturing in 2017 and 2018	918	948
- 8%, maturing from 2021 to 2032	57 648	58 108
Real estates mortgages from the Société d'habitation du Québec guaranteed by immoveables of a book value of $117.2 M at variable rates:		
- 6.87%, maturing from 2019 to 2021	15 804	15 532
- 7.5% to 7.87%, maturing from 2020 to 2028	5 500	5 583
- 8%, maturing from 2027 to 2029	15 645	15 791
Balance of sales prices from the Commission de la santé et de la sécurité du travail, at 7.50%, maturing in 2006	6 828	7 705
Other real estates mortgages guaranteed by immoveables of a book value of $8.7 M, at variable rates:		
- 10.66%, maturing in 2004	13 651	14 328
- 11.25%, maturing in 2005	356	428
	2 224 159	2 584 617
Less:		
Receivables from the Gouvernement du Québec linked to the long-term debt *	121 026	
	2 103 133	2 584 617

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

18. LONG-TERM DEBT (cont'd)

* Under its statute, the Corporation deposits in the amortization fund for borrowings by Québec health and social service agencies managed by the Ministère des Finances, amounts slated for the repayment of a portion of its qualifying debts. Formerly, these amounts were deposited by the Minister of Health and Social Services.

On April 1, 2000, the Corporation recorded, as receivables in the amortization fund, all amounts formerly for a total of $155.4 M. The portion of this amount related to long-term debts contracted for financing the Corporation's real estate, was added to deferred contributions ($35.2 M) whereas the balance attributable to long-term debts contracted for financing loans to regional health and social service boards was used to reduce the latter ($120.2 M).

Payments of principal on the long-term debt for the next five fiscal years are as follows:

	Financement-Québec	Financing Fund of the Gouvernement du Québec	Société d'habitation du Québec	Commission de la santé et de la sécurité du travail	Other non-related parties	Total instalments
2002	2 991	85 551	1 222	943	165 053	255 760
2003	4 309	238 753	665	1 013	71 021	315 761
2004	465	350 607	714	1 089	25 097	377 972
2005	274	116 798	767	1 171	73 035	192 045
2006	2 481	215 819	824	1 259	22 071	242 454

The elimination, by the Québec Civil Code, of the security interest in the form of debt transfers, led the Corporation to demand a new one, namely, a real estate mortgage to replace the guarantee by transfer of the subsidy held by certain creditors. These real estate mortgages bind the departmental subsidy paid to the establishments in the Corporation's favour. The latter could henceforth be transferred to the Corporation's non-related creditors to guarantee their loans.

19. DEFERRED CONTRIBUTIONS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value (Note 3)
Deferred contributions	257 070	136 863	120 207	99 886

Of the net value of $120.2 M, $69.3 M represents transfer subsidies paid by shareholders before April 1, 2000, as of which date the Corporation must finance its own activities. These contributions will be amortized over the next 6 fiscal years. The use of amounts made available by these contributions require shareholders' prior approval.

20. CAPITAL STOCKS

Authorized
5 000 000 common shares
of a face value of $100 each

The Corporation's shares belong to the State. They are attributed to the Minister of Finance, who may, with the Government's authorization pay the Corporation, from the Consolidated Revenue Fund, up to $500 M for 5 million shares completely paid for from its partnership capital, for which a certificate is issued.

Under section 61 of the Act respecting the Corporation d'hébergement du Québec, the Corporation gives the Minister of Finance a sum equal to its adjusted accumulated assets established at March 31, 1999 according to generally accepted Canadian accounting principles. Since the adjusted value of the assets at this date equal an accumulated deficit, the capital underwritten was established at a symbolic value.

21. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Corporation is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Corporation did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

22. DERIVATIVE FINANCIAL INSTRUMENTS

To protect against interest-rate risks related to short-term financing activities, the Corporation signed interest rate capping agreements. All of these agreements run for less than one year.

	2001		2000	
	Fair value	Contracted capital	Fair value	Contracted capital
Purchases	(79)	395 000	(79)	323 000
Sales			(120)	351 000

A short-term investment in the amount of $0.7 million (2000: $0.7 million) is pledged against certain agreements.

23. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

At March 31, 2001, the balance of uncompleted contracts signed by the Corporation and linked to projects under way subject to contractual commitments totalled $52.4 M.

CONTINGENCIES

Financing of deductibles on civil and professional liability insurance policies of institutions covered by the insurance plan of the Association des hôpitaux du Québec

Under section 472.1 of the Act respecting health services and social services (R.S.Q., c. S-4.2), the Corporation d'hébergement du Québec may guarantee the discharge of any obligation of associations recognized by the MSSS under section 267 of the Act in relation to the management of the deductible under an insurance contract negotiated or entered into by the association on behalf of its members. It may also advance to the association any sum deemed necessary for the management of said deductible.

The Minister may, on the conditions determined by the Government, reimburse the Corporation d'hébergement du Québec any sum it may be required to pay in relation to this guarantee.

24. FUTURE FRINGE BENEFITS

Pension plans

The staff members of the Corporation participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The liability of the Commission towards these Government plans is restricted to its contributions as an employer. The Corporation's contributions charged to the year-end statement amount to $0.1M.

24. FUTURE FRINGE BENEFITS (cont'd)

Provision for sick leave and vacation time

	2001		
	Vacation leave	Sick leave	Total
Amounts transferred*	307	625	932
Charge for the year	319	103	422
Subtotal	626	728	1 354
Less:			
Benefits paid during the year	210	38	248
Year-end balance	416	690	1 106

* The amounts transferred represent vacation time and sick leave payable following the transfer of Gouvernement du Québec employees to the Corporation. The balance of this provision is included under accounts receivable and withheld on contracts payable.

25. CASH FLOWS

Cash and cash equivalents appearing in the cash flow statement include the following amounts recorded in the balance sheet:

	2001 (Note 26)
Short-term investments	735
Outstanding cheques less cash	(3 482)
Cash and cash equivalents	(2 747)

Interest paid during the fiscal year by the Corporation totalled $264.8 M.

26 COMPARATIVE FIGURES

Several figures from 2000 were reclassified to be consistent with the presentation adopted in 2001. The consolidated statements of results and cash flows for the fiscal year ended March 31, 2000 are not presented given the major changes in the Corporation's operation since April 1, 2000.

CORPORATION D'HÉBERGEMENT DU QUÉBEC

MANAGEMENT'S RESPONSIBILITY RELATED TO PRESENTING FINANCIAL INFORMATION

The responsibility for the consolidated financial statements of the Corporation d'hébergement du Québec and all information contained therein, which has been approved by the board of directors, is the responsibility of management.

The consolidated financial statements were drawn up by management in keeping with generally recognized accounting principles in Canada and, where applicable, contain amounts based on management's best estimates and judgments. The financial information contained in the rest of the annual activity report corresponds to the information provided in the financial statements.

The management of the Corporation and its subsidiary prepared and oversaw the maintenance of a system of internal accounting controls to ensure the integrity and objectivity of the data presented in the financial statements. Management feels that this system provides reasonable insurance that the financial information is reliable, that it constitutes a relevant basis for preparation of the financial statements and that the Corporation's assets are properly recorded and well protected.

The Corporation recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors carried out its responsibility for the financial statements mainly through the auditing committee, which is composed only of external administrators. The committee examines the Corporation's annual consolidated financial statements and recommends that the board approve them. The Corporation's auditor has unhindered, complete access to the auditing committee, whether in the presence of management or not.

The present financial statements were audited by the Corporation's auditor and the Auditor General, whose report appears below.

Michel Salvas
President and Chief Executive Officer

Québec, September 28, 2001

CORPORATION D'HÉBERGEMENT DU QUÉBEC

AUDITOR'S REPORT

To the Québec Minister of Finance

I have audited the consolidated balance sheet of the Corporation d'hébergement du Québec as at March 31, 2001, and the consolidated statements of results, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with the generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in accounting policies disclosed in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, September 28, 2001

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN
(R.S.Q., c. S-5)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Subsidies (Note 3)	$46 139 563	$44 421 468
Ambulance services (Note 4)	26 723 690	25 440 535
Miscellaneous	708 465	366 574
	73 571 718	70 228 577
EXPENDITURE (Note 5)	71 247 426	67 810 049
EXCESS OF REVENUE OVER EXPENDITURE BEFORE SPECIAL SUBSIDY	2 324 292	2 418 528
SPECIAL SUBSIDY (Note 7)		4 000 000
EXCESS OF REVENUE OVER EXPENDITURE	2 324 292	6 418 528
SURPLUS (DEFICIT), BEGINNING OF YEAR	335 739	(6 082 789)
SURPLUS, END OF YEAR	$2 660 031	$335 739

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$2 309 480	$3 752 375
Accounts receivable (Note 8)	9 309 176	5 428 133
Prepaid expenses	1 865 734	1 732 148
	13 484 390	10 912 656
Fixed assets (Note 9)	14 852 568	8 620 909
	$28 336 958	$19 533 565
LIABILITIES		
Current liabilities		
Owed to the Provincial Activities Fund	$1 021 884	$1 317 065
Accounts payable and accruals	13 952 682	10 088 356
Owed to the Ministère de la Santé et des Services sociaux	2 521 905	
Deferred subsidies	15 000	
Instalments on commitments under capital leases (Note 10)	2 713 033	2 560 567
	20 224 504	13 965 988
Commitments under capital leases (Note 10)	5 452 423	5 231 838
	25 676 927	19 197 826
SURPLUS	2 660 031	335 739
	$28 336 958	$19 533 565

COMMITMENTS (Note 13)

CONTINGENCY (Note 14)

On behalf of the Board of Directors,
André Ducharme
Michelle Major

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
CASH FLOW ORIGINATING FROM (APPROPRIATED TO)		
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$2 324 292	$6 418 528
Non-cash items charged to operating results:		
Depreciation of fixed assets	3 724 397	3 909 118
Loss (Gain) on disposal of fixed assets	729 485	(56 517)
	6 778 174	10 271 129
Changes in assets and liabilities related to operations (*)	2 091 421	(1 731 629)
	8 869 595	8 539 500
FINANCING ACTIVITIES		
Reimbursement of the debt for capital lease contracts	(2 778 534)	(3 442 901)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(7 585 106)	(485 369)
Proceeds from disposal of fixed assets	51 150	225 719
	(7 533 956)	(259 650)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(1 442 895)	4 836 949
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	3 752 375	(1 084 574)
CASH ON HAND, END OF YEAR	$2 309 480	$3 752 375

(*) CHANGES IN ASSETS AND LIABILITIES RELATED TO OPERATIONS

	2001	2000
Current assets, (increase) decrease:		
Accounts receivable	$(3 881 043)	$(839 642)
Prepaid expenses	(133 586)	(1 513 622)
Current liabilities, increase (decrease):		
Owed to the Provincial Activities Fund	(295 181)	(398 174)
Accounts payable and accruals	3 864 326	1 019 809
Owed to the Ministère de la Santé et des Services sociaux	2 521 905	
Deferred subsidies	15 000	
	$2 091 421	$(1 731 629)

See Note 15: Additional cash flow information

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

PROVINCIAL ACTIVITIES FUND

CHANGES IN FUND BALANCE
for the year ended March 31, 2001

	2001	2000
OPENING BALANCE	$1 317 065	$1 715 239
Increase		
Subsidy from the Gouvernement du Québec	615 821	615 821
Interest	80 848	78 960
	696 669	694 781
Decrease		
Reimbursement of fees to owners' associations		50 000
Call prioritization system	79 727	77 628
Purchase of individual protective clothing	139 781	263 605
Gouvernement du Québec recovery of subsidies	933 000	587 927
Revision of a Bureau de normalisation du Québec standard	1 780	58 600
Purchase of crests	16 062	33 548
Legal fees		21 647
	1 170 350	1 092 955
CLOSING BALANCE	$843 384	$1 317 065

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Owed by the Corporation, bearing interest at prime rate less 2%, without repayment terms	$1 021 884	$1 317 065
LIABILITIES		
Amount owing to the Ministère de la Santé et des Services sociaux	$178 500	
FUND BALANCE	843 384	$1 317 065
	$1 021 884	$1 317 065

On behalf of the Board of Directors,
André Ducharme
Michelle Major

1. CONSTITUTION AND PURPOSE

The Corporation d'urgences-santé de la région de Montréal Métropolitain is a non-profit corporation established under the Act respecting health services and social services (R.S.Q., c. S-5). Its purpose, subject to the powers conferred on any regional board and any institution in the health and social services network, is to organize and coordinate, in its territory, a pre-hospitalization emergency system including the handling of emergency and non-emergency calls and ambulance services to facilitate access to health services.

Pursuant to a directive of the Ministère de la Santé et des Services sociaux, the balance of the General Fund is to be used exclusively for the purposes provided for under section 149.5 of the Act respecting health services and social services and cannot be committed without prior authorization from the Ministère.

Provincial Activities Fund

The Ministère de la Santé et des Services Sociaux (MSSS) mandated the Corporation to acquire safety equipment and uniforms for all emergency medical technicians in the Province of Québec. As trustee for the Provincial Activities Fund, the Corporation must ensure equipment distribution, exchanges and replacement. Subsidies granted by the Ministère to the Fund cover purchase costs for individual protective clothing, as well as related direct costs. At the Department's request, the Fund also assumes specific expenses related to all pre-hospitalization services.

Operations under these mandates are accounted for separately from the Corporation's operations.

2. ACCOUNTING POLICIES

The financial statements of the Corporation were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgements.

Fixed Assets

Fixed assets are recorded at cost and depreciated on a straight-line basis over the following estimated useful lives:

Data processing equipment	4 and 5 years
Furniture and equipment	5 years
Safety equipment	5 years
Leasehold improvements	According to the term of the lease
Automotive equipment	From 36 months to 60 months
Computer-aided dispatch system	5 years

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Corporation lacks sufficient information to apply the accounting procedure for defined benefit plans.

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

3. REVENUE - SUBSIDIES

	2001	2000
Ministère de la Santé et des Services sociaux - operating subsidy	$29 022 927	$27 574 384
Société de l'assurance automobile du Québec	17 116 636	16 847 084
	$46 139 563	$44 421 468

4. REVENUE - AMBULANCE SERVICES

	2001	2000
Health and social services institutions	$9 275 169	$8 753 818
Ministère de la Santé et des Services sociaux - subsidy for institutions	5 428 971	5 103 553
	14 704 140	13 857 371
Société de l'assurance automobile du Québec	1 176 347	1 101 906
Ministère de l'Emploi, Solidarité et Condition féminine	4 237 114	4 149 096
Individuals	6 297 409	6 052 010
Other	308 680	280 152
	$26 723 690	$25 440 535

6. EXPENDITURE BY RESPONSIBILITY CENTRE

	Training	General administration	Data processing	Emergency pre-hospitalization services
Salaries and wages	$675 536	$2 567 939	$1 448 704	$25 790 599
Fringe benefits (1)	363 517	704 946	119 271	5 876 244
Payroll taxes (2)	205 799	491 861	85 823	5 553 185
Medical supplies and medication	4 987	542		1 703 835
Travelling expenses	2 132	65 684	1 806	56 168
Services purchased (Note 6)	230 331	1 051 561	545 636	665 654
Communications		156 824	336	89 793
Building rental		2 846	1 333	1 565 399
Equipment rental		141		6 864
Capital leases:				
Interest on bonds		6 011	44 759	94 705
Depreciation of fixed assets	2 444	80 093	267 686	1 690 260
Loss (Gain) on disposal of fixed assets				(503)
Uniform purchases and rental	1 735	1 817		380 829
Automotive equipment expenses	351	6 943		4 120 390
Office supplies	8 504	136 080	37 528	133 069
Doubtful accounts and collection charges		35 452		1 495 682
Doubtful accounts recovered				(35 281)
Insurance		84 367		
Interest and bank charges		4 887		6 392
Other	5 285	307 240	4 446	64 702
	$1 500 621	$5 705 234	$2 557 328	$49 257 986

Communications	Quality control and medical inspection	Physicians' vehicles	Operation of facilities	Total 2001	Total 2000
$2 924 589	$332 860	$246 199		$33 986 426	$32 531 528
936 036	82 793	75 386		8 158 193	7 693 906
520 345	54 371	82 956		6 994 340	8 687 318
		23 209		1 732 573	1 522 902
4 214	2 362	206		132 572	105 101
1 164 877	953	61 991	$218 112	3 939 115	3 156 873
830 051	475			1 077 479	930 877
	7 692		1 419 997	2 997 267	2 614 052
389 995			219	397 219	320 469
298 608		11 731	5 706	461 520	545 519
1 496 829		164 885	22 200	3 724 397	3 909 118
730 653		(665)		729 485	(56 517)
633		30 519		415 533	463 524
		40 320		4 168 004	3 708 406
26 429	559	2 298		344 467	229 426
				1 531 134	1 254 758
				(35 281)	(78 607)
				84 367	84 713
	13		96	11 388	2 235
13 878	1 029	26	622	397 228	184 448
$9 337 137	$483 107	$739 061	$1 666 952	$71 247 426	$67 810 049

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

5. EXPENDITURE BY RESPONSIBILITY CENTRE (cont'd)

[1] Leave benefits under the collective agreement, including annual holidays, statutory holidays, sick leave and severance pay.

[2] Financial charges related to the employer contribution under social legislation and contract obligations.

6. SERVICES PURCHASED

	2001	2000
Electronic data processing	$101 364	$100 771
Laundry	139 145	121 798
Maintenance and repairs – premises and equipment	632 099	522 694
Building security	148 010	
Maintenance and repairs – computer-aided dispatch system	1 110 253	1 456 380
Computer software updates	523 189	257 907
Training	286 097	80 455
Professional fees	745 424	557 495
Business project	132 737	
Prehospital research project	98 000	49 900
Other	22 797	9 473
	$3 939 115	$3 156 873

7. SPECIAL SUBSIDY

The Ministère granted a special subsidy of $4 000 000 for the year ended March 31, 2000 for the implementation of the Corporation's financial framework plan. Since a balance was achieved, the Ministère did not renew the special subsidy for the fiscal year ended March 31, 2001.

8. ACCOUNTS RECEIVABLE

	2001	2000
Ambulance Service Beneficiaries		
Health and social services institutions	$1 883 262	$1 984 790
Société de l'assurance automobile du Québec	80 190	92 653
Ministère de l'Emploi, Solidarité et Condition féminine	300 987	320 716
Individuals	2 846 801	2 957 573
Other	28 357	42 204
	5 139 597	5 397 936
Ministère de la Santé et des Services sociaux - subsidies		571 211
Société de l'assurance automobile du Québec - subsidies	4 279 159	
Québec sales tax receivable	557 789	391 948
Other	1 099 240	672 676
	11 075 785	7 033 771
Allowance for doubtful accounts:		
Individuals	(1 766 609)	(1 605 638)
	$9 309 176	$5 428 133

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

9. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Data processing equipment	$3 651 758	$1 825 081	$1 826 677	$219 793
Furniture and equipment	5 455 005	3 358 882	2 096 123	286 923
Software being implemented	209 698		209 698	
Automotive equipment	9 753 713	6 566 687	3 187 026	405 721
Rolling stock being manufactured	326 357		326 357	
Safety equipment	143 064	143 064		11 027
Leasehold improvements	358 293	265 578	92 715	66 867
Computer-aided dispatch system	294 403	132 481	161 922	220 802
	20 192 291	12 291 773	7 900 518	1 211 133
Fixed assets held under capital leases:				
Automotive equipment	4 966 661	1 882 145	3 084 516	1 420 507
Equipment	1 330 908	584 224	746 684	737 219
Computer-aided dispatch system	5 674 273	2 553 423	3 120 850	5 252 050
	11 971 842	5 019 792	6 952 050	7 409 776
	$32 164 133	$17 311 565	$14 852 568	$8 620 909

10. COMMITMENTS UNDER CAPITAL LEASES

	2001	2000
Commitments under capital leases: - rates varying from 5.58% to 12.58%, maturing until 2006	$8 165 456	$7 792 405
Instalments due within one year	2 713 033	2 560 567
	$5 452 423	$5 231 838

The minimum payments required on commitments under capital leases are as follows:

2002	$3 153 657
2003	2 761 542
2004	2 150 122
2005	945 348
2006	36 537
Total minimum payments required	9 047 206
Amount of interest included in total minimum payments required	881 750
	$8 165 456

11. FUTURE FRINGE BENEFITS

Pensions plans

With the exception of emergency medical technicians, the staff members of the Corporation participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death. The Corporation's contributions charged to the year-end statement amount to $175 123 (2000: $498 142).

The Corporation's emergency medical technicians participate in the supplemental pension plan for ambulance technicians in Québec (RRTAQ). This is a defined contribution plan and does not provide vested benefits for past service. The Corporation's contributions charged to the year-end statement amount to $1 198 069 (2000: $1 108 935).

The liability of the Corporation towards these plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service for the fiscal year ended to March 31, 2001 corresponded to 5.35% (2000: 7.95%) of the pensionable earning for bargainable employees and 1.00 % (2000: 6.35 %) for employees subject to management exclusion).

Provisions for vacation time, holidays and sick leave

	Vacation time and holidays	Sick leave	Total 2001	Total 2000
Opening balance	$4 465 131	$(47 990)	$4 417 141	$3 667 926
Charges for the year	6 535 138	1 656 417	8 191 555	7 695 466
Benefits paid during the year	(6 259 351)	(1 663 828)	(7 923 179)	(6 946 251)
Closing balance	$4 740 918	$(55 401)	$4 685 517	$4 417 141

12. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Corporation is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Corporation did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

13. COMMITMENTS

The Corporation is committed to long-term contracts for office space and equipment and equipment maintenance expiring on various dates up to March 2005.

Payments for the year ended March 31, 2001, amount to $4 288 410 (2000: $4 320 647). The minimum payments for the coming fiscal years are as follows:

2002	$4 062 564
2003	2 966 420
2004	1 923 735
2005	1 006 420
	$9 959 139

---

13. COMMITMENTS (cont'd)

During fiscal 2000, the Corporation committed to purchasing 120 ambulance vehicles for $11 135 072. Of this number, 63 vehicles have been delivered and 9 are being manufactured for the fiscal year ended March 31, 2001 for $6 434 816. The remaining balance is $4 700 256 for the next two fiscal years. During the year, the Corporation also ratified the acquisition of seven more vehicles, other than ambulances, for a total value of $170 312.

Provincial Activities Fund

The Corporation is committed under a contract expiring in 2003 for the implementation of a call priority system to be used in the province of Québec. The instalments payable for each of the next two fiscal years are US$51 580 $ (as at March 31, 2001, the equivalent in Canadian dollars is $81 306).

14. CONTINGENCY

In April 1992, a former ambulance owner in the Montréal area filed a claim for $3 330 772 with the Québec Superior Court. The Corporation, the Conseil de la santé et des services sociaux de la région de Montréal Métropolitain (CSSSRMM) and its director general, along with the Attorney General of Québec, are the defendants in this dispute concerning contractual arrangements binding the CSSSRMM and the ambulance owner according to a contract which expired March 31, 1988. The case went before the court in February 1999. In its ruling of January 2000, the Québec Superior Court dismissed the suit against all defendants. The decision was appealed.

In the opinion of the Corporation's management and its legal counsel, this claim is unfounded and should not result in any major liability.

15. ADDITIONAL CASH FLOW INFORMATION

	2001	2000
Interest paid	$471 738	$565 566
Interest earned	415 554	194 504

During the fiscal year, immovables were acquired for a total cost of $10 736 691 (2000: $1 306 764), including those acquired through capital lease contracts for $3 151 585 (2000: $821 395). A sum of $7 585 106 (2000: $485 369) in cash was paid for the purchase of immovables.

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

MANAGEMENT'S REPORT

The financial statements of the Corporation d'urgences-santé de la région de Montréal Métropolitain were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Corporation recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Board of Directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. The audit committee meets with management and the auditor, reviews the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Corporation's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

André Giroux
President and Chief Executive Officer

Pierre Vanier
Director, Finance

Montréal, June 1, 2001

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Corporation d'urgences-santé de la région de Montréal Métropolitain as at March 31, 2001, and the statements of revenue and expenditure, surplus and cash flows for the year then ended. I have also audited the balance sheet of the Provincial Activities Fund, which is administered by the Corporation, as at March 31, 2001, and the statement of changes in fund balance for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation and the Provincial Activities Fund as at March 31, 2001, and the results of the operations and cash flows of the Corporation for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 1, 2001

PUBLIC CURATOR (THE)
(R.S.Q., c. C-81)
FUNDS UNDER JOINT ADMINISTRATION

NET INVESTMENT INCOME
for the year ended March 31, 2001

	Cash Fund		Revenue Fund	
	2001	(3 months) 2000	2001	(3 months) 2000
REVENUE				
Interest on bonds and short-term investments	$5 117 285	$1 096 572	$1 941 626	$508 310
Dividends				
Gains (losses) on disposal of investments			(33 889)	(626 682)
	5 117 285	1 096 572	1 907 737	(118 372)
EXPENDITURE				
Administration fees – Consolidated Revenue Fund	665 197		750 038	
Fund management fees	1 878	24 100	(1 960)	14 282
Tax on administration fees and other expenditure	105 220			
Daycare expenses and other services	43 738	4 398	58 216	15 515
	816 033	28 498	806 294	29 797
Net revenue (net loss) from investments	$4 301 252	$1 068 074	$1 101 443	$(148 169)
BREAKDOWN OF NET REVENUE (NET LOSS) FROM INVESTMENTS				
Accounts under administration				
Curatorships and tutorships	$1 913 437	$572 370	$1 084 450	$(145 370)
Unclaimed successions and other jurisdictions	2 319 509	474 351	16 993	(2 799)
Minister of Finance	68 306	21 353		
	$4 301 252	$1 068 074	$1 101 443	$(148 169)

Diversified Fund		Registered Retirement Plan Fund		Total	
2001	(3 months) 2000	2001	(3 months) 2000	2001	(3 months) 2000
$3 265 830	$733 958	$41 948		$10 366 689	$2 338 840
329 654	75 968			329 654	75 968
6 342 713	299 969			6 308 824	(326 713)
9 938 197	1 109 895	41 948		17 005 167	2 088 095
1 899 499				3 314 734	
(5 298)	32 838			(5 380)	71 220
				105 220	
81 887	18 326	669		184 510	38 239
1 976 088	51 164	669		3 599 084	109 459
$7 962 109	$1 058 731	$41 279		$13 406 083	$1 978 636
$7 928 130	$1 058 731			$10 926 017	$1 485 731
33 979		$41 279		2 411 760	471 552
				68 306	21 353
$7 962 109	$1 058 731	$41 279		$13 406 083	$1 978 636

PUBLIC CURATOR (THE)

FUNDS UNDER JOINT ADMINISTRATION

CHANGES IN ACCOUNTS UNDER ADMINISTRATION
for the year ended March 31, 2001

	Curatorships and tutorships		Unclaimed successions and other jurisdictions		State-owned property	
	2001	(3 months) 2000	2001	(3 months) 2000	2001	(3 months) 2000
OPENING BALANCE	$158 335 941	$151 511 519	$36 932 665	$27 013 578	$775 454	$775 295
Net investment income	10 926 017	1 485 731	2 322 166	471 552	89 594	
Change in unrealized gains (losses) (Note 5)	(3 824 634)	4 580 863	11 023	16 967		
	165 437 324	157 578 113	39 265 854	27 502 097	865 048	775 295
RECEIPTS						
Social aid benefits						
collected by the Public Curator	15 727 020	3 157 303	47			
collected by agents (Note 3)	22 032 871	6 142 965				
Old age pension	36 231 662	9 162 928	85 969	64 129		
Régie des rentes	9 045 312	2 118 422	80 258	26 134		
Other pensions	8 566 576	2 004 300	213 075	24 293		
Bank accounts	5 897 107	999 847	5 048 535	991 375		
Tax credits	5 345 980	704 649	267 998	1 421		
Investments	3 943 950	624 326	251 211	86 155		
Reimbursement of beneficiaries' funds	2 645 946	451 024	71 209	4 065		
Inheritance	1 582 884	214 319	73 857	1 911		
Sales of property	1 488 762	301 327	4 009 799	792 868	80 965	
Encashment of accounts receivable	808 770	61 061	2 024 866	996 267		
Rent	795 268	205 248	89 439	25 580		
Société de l'assurance-Automobile du Québec	332 200	24 859	18 420	14 495		
Insurance	257 775	57 968	143 450	37 435		
Compensation for financial Losses	69 822	155 571	142 457	1 783		
Financial proceeds			9 365 560	8 928 398		
Registered retirement plans			4 489 264			
Other receipts	1 068 031	1 030 533	1 074 211	218 076	88 478	74 949
	115 839 936	27 416 650	27 449 625	12 214 385	169 443	74 949
Amounts carried forward	$281 277 260	$184 994 763	$66 715 479	$39 716 482	$1 034 491	$850 244

PUBLIC CURATOR (THE)

FUNDS UNDER JOINT ADMINISTRATION

CHANGES IN ACCOUNTS UNDER ADMINISTRATION
for the year ended March 31, 20

	Curatorships and tutorships		Unclaimed successions and other jurisdictions		State-owned property	
	2001	(3 months) 2000	2001	(3 months) 2000	2001	(3 months) 2000
Amounts brought forward	$281 277 260	$184 994 763	$66 715 479	$39 716 482	$1 034 491	$850 244
Lodging and petty Expenses paid by the Public Curator	69 604 430	14 534 525	182			
Paid by agents (Note 3)	22 032 871	6 142 965				
Debt payment	1 964 264	329 478	584 997	411 655		
Income	1 899 137	173 873	372 024	42 744		
Medical expenses	1 200 758	248 571				
Fees	1 053 750	(64 676)	24 519	701 190	(720)	
Purchase of goods	729 292	151 713				
Public services	615 804	163 825	30 874	12 848		
Legal costs	566 578	170 960	200 156	36 100		
Maintenance and repairs - buildings	524 763	74 057	53 620	7 573		
Property and other taxes	500 910	148 687	114 784	18 856		
Insurance premiums	298 861	68 353	90 513	10 696		
Prior arrangements for funeral services	115 627	43 855				
Other disbursements	2 723 864	652 300	3 254 590	1 256 484	43 199	
	103 830 909	22 838 486	4 726 259	2 498 146	42 479	
Remittance property to successors in interest	21 643 770	3 336 661	3 153 504	671 766	620	
Transfer – unclaimed curatorship and tutorship accounts (Note 6)	4 512 813	484 454	(4 512 813)	(484 454)		
Transfer of amounts from the liquidation of property under Accounts payable to the Minister of Finance (Note 7)	14 082		3 522 235	109 633	171 246	74 790
Transfer from Accounts payable to the Minister of Finance (Note 7)	(110 495)	(779)	(679 930)	(11 274)		
	26 060 170	3 820 336	1 482 996	285 671	171 866	74 790
CLOSING BALANCE	$151 386 181	$158 335 941	$60 506 224	$36 932 665	$820 146	$775 454

PUBLIC CURATOR (THE)

FUNDS UNDER JOINT ADMINISTRATION

BALANCE SHEET
as at March 31, 2001

	Cash Fund		Revenue Fund	
	2001	2000	2001	2000
ASSETS				
Cash on hand	$5 746 535	$5 588 394	$323 957	$705 716
Short-term investments (Note 9)	91 782 055	82 199 945		
Interest accrued on bonds and short-term investments and dividends receivable	1 023 497	860 394	648 328	584 493
Bonds			33 173 477	31 410 615
Shares				
Owed by the Revenue Fund, without interest or terms of repayment	124 659	170 602		
Owed by the Diversifies Fund, without interest or terms of repayment	181 039			
	$98 857 785	$88 819 335	$34 145 762	$32 700 824
LIABILITIES				
Accounts payable	$124 326	$113 415	$3 391	$17 433
Owing the Consolidated Revenue Fund, without interest or term of repayment	2 627 371	359 892		
Owing the Cash Fund, without interest or terms of repayment			124 659	170 602
Owing the Diversified Fund, without interest or terms of repayment			85 105	
Accounts payable to the Minister of Finance (Note 7)	2 284 513	3 196 021		
	5 036 210	3 669 328	213 155	188 035
Accounts under administration				
Curatorships and tutorships	38 029 238	48 156 194	33 475 160	31 943 792
Unclaimed successions and other jurisdictions	54 972 191	36 218 359	457 447	568 997
State-owned property (Note 8)	820 146	775 454		
	93 821 575	85 150 007	33 932 607	32 512 789
	$98 857 785	$88 819 335	$34 145 762	$32 700 824

CONTINGENCIES (Note 12)

Accepted and approved,
Nicole Malo
Public Curator

Diversified Fund		Registered Retirement Plan Fund		Total	
2001	2000	2001	2000	2001	2000
$3 211 687	$678 435	$503 930		$9 786 109	$6 972 545
		74 837		91 856 892	82 199 945
1 003 279	922 434	90 539		2 765 643	2 367 321
53 619 101	51 641 370	3 875 292		90 667 870	83 051 985
24 808 826	25 178 594			24 808 826	25 178 594
85 105				209 764	170 602
				181 039	
$82 727 998	$78 420 833	$4 544 598		$220 276 143	$199 940 992
$2 133 188	$39 569			$2 260 905	$170 417
				2 627 371	359 892
181 039				305 698	170 602
				85 105	
				2 284 513	3 196 021
2 314 227	39 569			7 563 592	3 896 932
79 881 783	78 235 955			151 386 181	158 335 941
531 988	145 309	$4 544 598		60 506 224	36 932 665
				820 146	775 454
80 413 771	78 381 264	4 544 598		212 712 551	196 044 060
$82 727 998	$78 420 833	$4 544 598		$220 276 143	$199 940 992

PUBLIC CURATOR (THE)

NON-TRANSFERABLE FUND

BALANCE SHEET
March 31, 2001

	Tutorships and curatorships	Unclaimed successions and other jurisdictions	Total	
	2001	2001	2001	2000
ASSETS (Note 4)				
Immoveables	$20 373 223	$10 339 415	$30 712 638	$26 521 241
Cash on hand and term deposit (Note 10)	8 096 639	765 185	8 861 824	6 212 402
Shares and various investments	9 443 846	1 717 346	11 161 192	10 996 554
Bonds	2 983 885	309 827	3 293 712	2 571 747
REER, REA, FERR	4 842 193	25 440	4 867 633	4 426 836
Life insurance policy buy-back value	2 356 018	2 492	2 358 510	2 343 163
Bills and other receivables (Note 10)	856 041	197 396	1 053 437	1 024 691
Valuable objects and property in storage (Note 10)	647 505	15 399	662 904	3 296 113
Motor vehicles	288 555	33 730	322 285	440 561
Mortgage loans (Note 10)	147 359		147 359	176 593
Other assets	1 770 855	1 626	1 772 481	1 663 178
	$51 806 119	$13 407 856	$65 213 975	$59 673 079
LIABILITIES (Note 10)				
Accounts payable	$5 443 506	$17 162 677	$22 606 183	$17 299 100
Mortgage payable	1 436 836	4 847 623	6 284 459	1 906 365
Deposits on offers to purchase	54 034	41 624	95 658	109 493
	6 934 376	22 051 924	28 986 300	19 314 958
EQUITY (DEFICIT)	44 871 743	(8 644 068)	36 227 675	40 358 121
	$51 806 119	$13 407 856	$65 213 975	$59 673 079

CONTINGENCIES (Note 12)

Accepted and approved,
Nicole Malo
Public Curator

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND NATURE OF ACTIVITIES

The Public Curator is a person appointed by the Government under the Public Curator Act (R.S.Q., c. C-81).

The Public Curator's main duties are:

- to represent persons of full age considered not competent to varying degrees, in order to ensure their moral and physical well-being and to protect their rights;
- to monitor, inform and assist in their administration private curators and tutors appointed to represent persons of full age who are not competent; to fulfil the same duties toward tutors for minors and occasionally assume that tutorship role for the property of minors;
- to assume the administration of certain unclaimed successions, the provisional administration of property without an owner, property belonging to persons unknown or untraceable, property abandoned either by dissolved legal persons or by the administrators of the property of others and, finally, property unclaimed by their lawful owners within the appropriate time.

The Public Curator receives fees for administering the property entrusted to it, monitoring private curatorships and tutorships, managing portfolios under joint administration and the other duties conferred by the legislation.

2. ACCOUNTING POLICIES

The financial statements of the General Fund of the Public Curator were prepared on the accrual basis in accordance with the accounting policies disclosed below. These statements include amounts based on best estimates and judgements. The cash flow statement is not shown as it would not provide any useful supplementary information regarding the Fund's cash flow during the year.

Fund accounting

The Public Curator uses funds under joint administration and a non-transferable fund to present operations related to representing people and administering property. The non-transferable fund presents the amount of assets and liabilities other than the cash or cash equivalents it manages collectively, the latter being incorporated into the funds under joint administration instead. The cash and cash equivalents of the funds under joint administration are divided among four funds: a revenue fund, a diversified fund and a registered pension plan fund.

Funds under joint administration

Investment are recorded at fair value, established as follows:

- Money market securities are recorded at cost which, when accrued interest is added, approaches their fair value;
- Bonds are assessed according to the rates obtained from recognized stockbrokers;
- Securities listed on the stock market are assessed at market cost, i.e. the selling price at closing time of a certified stock market where the corresponding security is traded most.
- The cost is determined using the average cost method. The difference between the fair value and the acquisition cost of investments is recorded as an unrealized gain (loss) on investments.

The receipts, disbursement and restitution of property presented in the statement of change in the accounts administered are recorded on a cash basis, except for the fees paid to the Consolidated Revenue Fund.

The net investment revenue of the Cash Fund, after deduction of amounts payable to the Minister of Finance, is credited monthly to tutorship and curatorship accounts, unclaimed estates and other jurisdictions, and state-owned property. Net revenue from the Revenue Fund is paid monthly in the Cash Fund on behalf of each holder of shares. The net revenues of the Diversified Fund are reinvested monthly on behalf of each holder of shares into this fund.

---

2. ACCOUNTING POLICIES (cont'd)

Funds under joint administration (cont'd)

Following the coming into effect of the Public Curator Act in July 1999, unclaimed, payable accounts from debtors or holders of a pension plan contract or scheme, apart from the benefits contemplated by the Act respecting the Québec Pension Plan, must be filed with the Public Curator. Consequently, in June 2000, the Public Curator created a Registered Pension Plan Fund and designated a trust to act as trustee. The latter is responsible for collecting the above-mentioned sums when they are equal to or greater than $1000.

Non-transferable Fund

Assets and liabilities administered for others, other than those in the funds under Joint Administration, are recorded at the time the Public Curator's jurisdiction is established and as the existence of such property becomes known. Receipts and disbursement are recorded to the statement of change in the accounts administered at the time of encashment or outpayment.

The various assets are valued as follows:

Immoveables

- Fixed assets, at standardized property assessment value.

Cash on hand and term deposits

- Cash on hand and term deposits, at acquisition cost.

Various shares and investments

- Various shares and investments, the selling price at closing time of a certified stock market where the corresponding security is traded most; mutual funds, at liquidating value.

Bonds

- Bonds are assessed according to the rate obtained by recognized stock brokers, apart from Canada and Québec savings bonds, which are assessed at face value; when the value of bonds cannot be determined, it is recorded as $1.

Life insurance policy surrender value

- The surrender value of life insurance policies, including dividends receivable, is assessed at net realizable value minus borrowings, at the beginning of jurisdiction. Subsequently, this value takes into account encashment of dividend and repayment of borrowings.

Valuable objects and stored goods

- Valuable objects and stored goods are assessed at their realizable value at the beginning of jurisdiction; when the value of objects cannot be determined, it is recorded as $1.

Bills and other accounts receivable, automobiles, mortgage loans and other assets

- Bills and other accounts receivable, automobiles, mortgage loans and other assets, at net realizable value.

RRSPs, Stock Savings Plans, RRIFs

- RRSPs, Stock Savings Plans and RRIFs are assessed at their fair value.

No latent income tax resulting from these assets is recorded to diminish the value of the above-mentioned assets.

3. CORRECTION OF AN ERROR IN PREVIOUS FINANCIAL STATEMENTS – FUNDS UNDER JOINTS ADMINISTRATION

As of the current fiscal year, the Public Curator presents in the changes in accounts under administration statement, funds under joint administration, social aid paid directly to agents (the persons represented or establishments managing these sums for these individuals and for it is responsible). The disbursements made from these amounts are presented in the changes in accounts under administration statement. Formerly, only the amounts of social aid collected by the Public Curator and the disbursement made from these allowances were recorded.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

3. CORRECTION OF AN ERROR IN PREVIOUS FINANCIAL STATEMENTS – FUNDS UNDER JOINT ADMINISTRATION (cont'd)

This change, applied retroactively with adjustment of the figures for the previous year, increased the following items:

	2001	(3 months) 2000
Receipts		
Social aid collected by agents	$22 032 871	$6 142 965
Disbursements		
Lodging and petty expenses paid by agents	22 032 871	6 142 965

4. CHANGES IN ACCOUNTING POLICIES –NON-TRANSFERABLE FUND

Bonds are assessed according to the rate obtained by recognized stock brokers, apart from Canada and Québec savings bonds, which are assessed at face value; when the value of bonds cannot be determined, it is recorded as $1. Formerly, they were all assessed at face value.

The surrender value of life insurance policies, including dividends receivable, is assessed at net realizable value minus borrowings, at the beginning of jurisdiction. Subsequently, this value takes into account encashment of dividend and repayment of borrowings. In past fiscal years, the surrender value of life insurance policies, including dividends receivable, was assessed at realizable value minus borrowings.

Valuable objects and stored goods are assessed at their realizable value at the beginning of jurisdiction; when the value of objects cannot be determined, it is recorded as $1. Formerly, valuable objects and stored goods were assessed at realizable value.

RRSPs, Stock Savings Plans and RRIFs are assessed at their fair value. Formerly, they were assessed at face value or at the closing sale price of the accredited stock market on which the corresponding stock is most often negotiated.

The above-mentioned changes in accounting policies are applied prospectively since the financial information enabling the retroactive effect of the new accounting policies cannot be obtained with reasonable effort.

5. UNREALIZED GAINS (LOSSES) – FUNDS UNDER JOINT ADMINISTRATION

	Revenue Fund		Diversified Fund		Registered Retirement Plan Funds	
	2001	(3 months) 2000	2001	(3 months) 2000	2001	(3 months) 2000
Unrealized gains (losses) on investments at the beginning of the fiscal year	$(695 422)	$(1 593 739)	$5 856 805	$2 157 299		
Unrealized gains (losses) on investments resulting from fluctuations in the fair value during the fiscal year	1 150 749	898 317	(4 978 877)	3 699 513	$14 517	
Cumulated unrealized gains (losses) on investments at fiscal year-end	$455 327	$(695 422)	$877 928	$5 856 812	$14 517	

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

5. UNREALIZED GAINS (LOSSES) – FUNDS UNDER JOINT ADMINISTRATION

	Revenue Fund		Diversified Fund		Registered Retirement Plan Funds	
	2001	(3 months) 2000	2001	(3 months) 2000	2001	(3 months) 2000
Cost of bonds	$32 718 150	$32 106 037	$53 393 746	$52 363 686	$3 860 776	
Cost of shares			24 156 253	18 599 473		

6. UNCLAIMED CURATORSHIP AND TUTORSHIP ACCOUNTS – FUNDS UNDER JOINT ADMINISTRATION

The balances of the files of deceased persons who were represented are transferred to unclaimed estates six months after their death when there are no heirs.

7. ACCOUNTS PAYABLE TO THE MINISTER OF FINANCE – FUNDS UNDER JOINT ADMINISTRATION

In the absence of an administrative beneficiary, and in all cases where property is administered on behalf of the State, the amounts generated by the liquidation of goods entrusted to the Public Curator's interim administration must be remitted to the Minister of Finance. These amounts are presented as accounts payable to the Minister of Finance until they have been remitted by the Public Curator.

When beneficiaries are entitled to recover the amounts remitted to the Minister of Finance, the amounts to be remitted plus interest as stipulated in the Act are recorded as a reduction in the accounts payable to the Minister of Finance.

8. PROPERTY BELONGING TO THE STATE – FUNDS UNDER JOINT ADMINISTRATION

Property belonging to the State include property entrusted to the Public Curator's provisional administration and devolved to the State before July 1, 1999 as well as property that has come to belong to the State through definitive confiscation. The amounts managed under joint administration in files administered for the State are presented in the statement of funds under joint administration. After administration, they are remitted to the Minister of Finance.

9. SHORT-TERM INVESTMENTS – FUNDS UNDER JOINT ADMINISTRATION

Short-term investments include treasury bills, discount notes and bankers' acceptances. The interest rates vary between 4.61% and 6.24%. These investments mature on different dates up to March 2002.

10. NON-TRANSFERABLE FUND BALANCE SHEET

ASSETS

Cash and term deposits

The amount of cash of the beneficiaries held on behalf of the persons represented in health and social services establishments is not shown.

Notes and other receivables – mortgage loans

An allowance of $1 418 993 (2000: $1 115 605) for bad debts was deducted from the balance of notes and other receivables, and mortgage loans to reflect the net realizable value.

10. NON-TRANSFERABLE FUND BALANCE SHEET (cont'd)

ASSETS (cont'd)

Valuable objects and goods in storage

Amounts for moveables kept by a third party are not shown.

LIABILITY

Section 43 of the Public Curator Act states that "the Public Curator shall maintain a separate administration and accounting in respect of each patrimony of which he has the administration. He shall be liable for the debts relating to any patrimony h administered to the extent of the value of the property of the patrimony".

In this regard, it should be pointed out that the liability shown on this balance sheet represents what the Public Curator administrates and no the liability for which he is legally liable.

11. FINANCIAL INSTRUMENTS – FUNDS UNDER JOINT ADMINISTRATION

Current assets and liabilities

The book values of the short-term assets and liabilities are comparable to the fair values given the fact that these financial instruments mature soon.

Bonds and shares

Bonds and shares in the Revenue Fund, the Diversified Fund and Registered Retirement Plan Fund are shown at their fair value. Bonds are concentrated in government and municipal securities maturing between 1 and 31 years and bearing interest at various rates of 5% to 10%.

The Public Curator does not expect to be exposed to a high concentration of credit risk since the sums are invested in different government and municipal securities and the shares of a number of major Canadian corporations.

12. CONTINGENCIES

Various legal and non-legal business against the Public Curator is currently under way. The Public Curator cannot foresee the outcome of these disputes, or estimate the value of financial compensation.

13. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

MANAGEMENT'S REPORT

The financial statements of the Public Curator of Québec and all information contained in the annual report are the responsibility of management and were approved by the Public Curator in office.

The financial statements were drawn up by management in accordance with the accounting policies described in Note 2 of the statements, which were deemed appropriate under the circumstances. The financial statements contain amounts determined based on best judgements and estimates. Management established these results reasonably in order to ensure that the financial statements are presented accurately in all significant respects. Management also prepared the financial information presented elsewhere in the annual report and ensured that it was consistent with that presented in the financial statements.

The Public Curator of Québec strives to maintain adequate, efficient systems of internal accounting and administrative controls designed to provide reasonable assurance that the financial information is relevant and reliable and that the agency's assets are correctly recorded and well protected.

The Public Curator in office is responsible for ensuring that management fulfils its financial reporting responsibilities and is ultimately responsible for auditing and approving the financial statements.

The Public Curator acknowledges that he is responsible for managing his affairs in keeping with the statutes and regulations governing him.

The Auditor General of Québec has conducted an audit of the Public Curator's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of the audit as well as his opinion. The Auditor General may, without restriction, meet with the auditing committee to discuss any element related to his audit.

Nicole Malo
Public Curator of Québec

Raymond Hardy
Director General of Administrative Affairs

Montréal, November 9, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the funds under joint administration and the Non-transferable Fund of the Public Curator of Québec as at March 31, 2001 and the statement of net investment income of the funds under joint administration and the statement of changes in accounts under administration for the year then ended. These financial statements are the responsibility of the Public Curator of Québec. My responsibility is to express an opinion on these financial statements based on our audit.

Apart from the exceptions indicated below, I conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Non-transferable Fund

As indicated in Note 2, the Public Curator records the change in accounts under administration of the funds under joint administration, receipts and disbursement related to the assets and liabilities of the Non-transferable Fund. However, it does not record the integral change in the Non-transferable Fund. In my opinion, complete recording of the change in the Non-transferable Fund would allow presentation of the assets and liabilities entrusted to the Public Curator's administration as well as the gains or losses related to assets, whether realized or not. Moreover, since I have detected errors linked to the comprehensiveness of the items posted to the Non-transferable Fund, I was unable to ensure that all of this fund's assets and liabilities were recorded as at March 31, 2001. Also, since the Public Curator did not update the value of most of the accounts receivable presented under unclaimed successions and other jurisdictions so as to post them at an appropriate value as at March 31, 2001, I was unable to determine whether the amount $17 162 677 accurately reflects the value of these accounts receivable as at March 31, 2001. Consequently, I was unable to determine whether the Non-transferable Fund statement needed adjusting.

Funds under joint administration

Disbursement for the fiscal year totalling $22 032 871 made from the social aid paid directly to agents (persons represented or the establishments managing these amounts for the Public Curator for these individuals) were presented in the changes in accounts under administration statement under expenditures for lodging and petty expenses. Given that the Public Curator has no information on these disbursements for which it is responsible, I was unable to check whether these operations actually occurred and whether they concerned the individuals represented. Consequently, I was unable to determine whether the amount of these disbursements needed adjusting.

In my opinion, with the exception of the effect of eventual adjustment to the funds under joint administration that I might have deemed necessary and the adjustments discussed above, these financial statements present fairly, in all material respects, the financial position of the Fund under joint administration as at March 31, 2001, as well as the results of its operation and cash flows for the year ended then ended in accordance with the accounting policies disclosed in Note 2. Given the scope of the repercussion that the above-mentioned problems are likely to have on the financial position of the Non-transferable Fund and its change, it is impossible for me to express an opinion on the reliability of the picture given by the financial statements of this fund. In keeping with the requirements of the Auditor General Act (R.S.Q., c. V-5.01), I hereby declare that, in my opinion, given the prospective application of the change in accounting treatment of the assets fund as disclosed in Note 4, these policies were applied in the same manner as the previous fiscal year.

In my auditor's report for the financial statements for the three-month period ended December 31, 2000, presented for comparison purposes, I have indicated the same type of restrictions as those mentioned above.

Guy Breton, FCA
Auditor General of Québec

Québec, November 9, 2001

FINANCEMENT-QUÉBEC
(R.S.Q., c. F-2.01)

INCOME AND RETAINED EARNINGS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000 (6 months)
NET INTEREST INCOME		
Interest on loans	289 395	117 033
Amortization of discounts and premiums on loans	3 437	1 647
Interest on borrowings and advances	(309 699)	(116 287)
Amortization of discounts and premiums on borrowings and advances	4 127	252
Interest on short-term investments	15 075	
	2 335	2 645
OTHER OPERATIONS		
Loan flotation costs charged to borrowers	2 621	680
Administration costs charged to borrowers	1 620	532
	4 241	1 212
	6 576	3 857
OPERATING AND ADMINISTRATIVE EXPENSES		
Wages, salaries and allowances	286	5
Professional, administrative and other services	49	30
Transportation and communications	2	
Service agreement with the Financing Fund	553	256
Depreciation of fixed assets	1	
Other	6	
	897	291
NET INCOME	5 679	3 566
RETAINED EARNINGS, BEGINNING OF YEAR	3 566	
RETAINED EARNINGS, END OF YEAR	9 245	3 566

FINANCEMENT-QUÉBEC

BALANCE SHEET
as at March 31, 2001
(in thousands of dollars)

	March 31, 2001	March 31, 2000
ASSETS		
Loans (Note 3)	5 051 570	3 773 243
Accrued interest on loans	110 118	74 719
	5 161 688	3 847 962
Cash on hand	44	104
Short-term investments (Note 4)	108 949	
Accounts receivable	381	175
Fixed assets	9	
	5 271 071	3 848 241
LIABILITIES		
Borrowings (Note 5)	1 687 400	
Advances from the Consolidated Revenue Fund (Note 6)	3 405 186	3 706 365
Interest accrued on borrowings and advances	110 202	68 777
Premiums and discounts deferred on borrowings and advances	48 873	56 388
Accounts payable	69	2 970
Deferred revenue	96	175
	5 251 826	3 834 675
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)	100	100
Contributed surplus	9 900	9 900
Retained earnings	9 245	3 566
	5 271 071	3 848 241

On behalf of the Board of Directors,
Jacques Poirier, Executive Vice-President
Bernard Turgeon, President and CEO

CASH FLOWS

for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Net income	5 679	3 566
Adjustments for:		
Amortization of discounts and premiums on loans	(3 437)	(1 647)
Amortization of discounts and premiums on borrowings and advances	(4 127)	(252)
Depreciation of fixed assets	1	
	(1 884)	1 667
Change in non-cash items linked to operations		
Accrued interest on loans	(35 399)	8 918
Accounts receivable	(206)	14
Accrued interest on borrowings and advances	41 425	(9 162)
Accounts payable	(2 901)	2 970
Deferred revenue	(79)	(14)
	2 840	2 726
Cash flows used for operating activities	956	4 393
INVESTMENT ACTIVITIES		
Loans	(1 618 103)	(536 124)
Loan repayment	343 213	206 267
Acquisition of fixed assets	(10)	
Cash flows used for investment activities	(1 274 900)	(329 857)
FINANCING ACTIVITIES		
Borrowings	1 687 400	
Advances from the Consolidated Revenue Fund	5 026 996	2 098 477
Repayment of advances from the Consolidated Revenue Fund	(5 331 563)	(1 782 909)
Capital funding from the Ministère des Finances du Québec		10 000
Cash flows provided by financing activities	1 382 833	325 568
CHANGE IN CASH AND CASH EQUIVALENTS	108 889	104
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	104	
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 8)	108 993	104

NOTES TO FINANCIAL STATEMENTS
March 31, 2001
(in thousands of dollars)

1. CONSTITUTION, PURPOSE AND FINANCING

Financement-Québec (the "Corporation") was implemented by the Act respecting Financement-Québec (1999, c. 11) which came into effect on October 1, 1999. The Corporation is a legal person with partnership capital and an agent of the State.

On October 1, 1999, the Corporation acquired the rights and took on the obligations resulting from financial transactions, advances, loans contracted and contracts entered into for the purpose of Financing Fund activities by the Minister of Finance, as the Fund manager, with public agencies contemplated by the Act establishing the Corporation.

The Corporation is mandated to provide financial services to public agencies. It finances them directly by granting them loans or issuing debt instruments on their behalf. It advises them in order to facilitate their access to credit and minimize the cost of financing and, for this purpose, develops financing programs. It may also manage the financial risks of these agencies, notably cash flow risks and foreign exchange risks. The corporation may also provide public agencies with technical services, notably related to financial analysis and management.

The Corporation charges borrowers loan flotation costs to offset those incurred by the Corporation or the Government on borrowings contracted for Financement-Québec. The Corporation also charges borrowers administration costs. The amounts charged are subject to Government approval.

2. ACCOUNTING POLICIES

The financial statements were prepared by the Corporation's management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best judgements and estimates.

Short-term investments

Short-term investments are recorded at cost or market value, whichever is less.

Immoveables

Immoveables are recorded at acquisition cost and amortized during their service life using the straight-line method and the following rates:

	Rate
Computer equipment	20%

Deferred costs and revenue

Deferred costs and revenue are amortized over the duration remaining for each instrument according to the straight-line method.

Currency translation

The loans and advances from the Consolidated Revenue Fund denominated in foreign currency are converted into Canadian dollars at the exchange rate in effect the date of the balance sheet. The amount to be repaid in Canadian currency under swap agreements is determined at the rate of exchange stipulated in these agreements.

Cash and cash equivalents

The Corporation's policy consists in presenting under cash and cash equivalents bank balances and short-term investments that are easily convertible in the short term and a known amount of cash whose value should not change significantly.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

3. LOANS

	March 31, 2001	March 31, 2000
Borrowers		
School boards	2 634 379	2 201 979
Cegeps	495 186	278 774
Establishments governed by the Act respecting health services and social services (R.S.Q., c. S-5)	1 471 781	1 028 801
Universities	450 224	263 689
	5 051 570	3 773 243

Repayable in Canadian currency

Maturity date/fiscal year	Amount	Amount
2001		179 590
2002	524 700	539 021
2003	892 178	934 779
2004	1 350 227	549 334
2005	3 277	3 465
2006 – 2023	2 281 188	1 567 054
	5 051 570	3 773 243

The maturity dates and interest rates on the loans extended by the Corporation are, with certain exceptions, identical to those for advances from the Consolidated Revenue Fund and borrowings acquired for this purpose, based on swap and interest rate agreements, where applicable. However, given the amounts available, the Corporation may grant new loans from the repayment of loans that have matured. These new loans have interest rates and maturity dates that may differ from the conditions of the advance originally received.

The balance of discounts and premiums to be amortized in subsequent years was $10 139 750 at March 31, 2001.

4. SHORT-TERM INVESTMENTS

Short-term investments, recorded at cost, include discount notes and/or notes issued at par value. Interest rates vary from 4.85% to 5.10%. These investments mature in the coming fiscal year.

5. BORROWINGS

Repayable in Canadian currency

	March 31, 2001	
Maturity date/fiscal year	Amount	Rate (%)
2004	879 820	6.1204 to 6.3172 and variable *
2007	498 180	5.658 to 6.456
2016	309 400	6.136 to 6.306
Total in Canadian currency	1 687 400	

* Bank acceptance rates plus 0.13%.

FINANCEMENT-QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

5. BORROWINGS (cont'd)

None of these borrowing are repayable before maturity.

6. ADVANCES FROM THE CONSOLIDATED REVENUE FUND

	March 31, 2001		March 31, 2000
Maturity date /fiscal year	Amount	Rate (%)	Amount
Repayable in Canadian currency			
2001		5.11 to 10.00	296 366
2002	100 512	7.222 to 10.25	100 512
2003	855 776	5.25 to 9.25	855 776
2004	545 723	7.50	545 723
2006 – 2010	1 535 372	5.50 to 11.00	1 536 911
2012	73 632	9.50	75 166
2023	160 846	9.375	162 586
	3 271 861		3 573 040
Plus: Swap agreements in Canadian currency	133 325		133 325
Total in Canadian currency	3 405 186		3 706 365
Repayable in US currency			
2003	106 508	6.273 to 6.359	106 508
2007	3 466	6.115	3 466
	109 974		109 974
Less: Swap agreements in Canadian currency	109 974		109 974
Total in US currency			
Repayable in Japanese currency			
2003	23 351	6.383	23 351
Less: Swap agreements in Canadian currency	23 351		23 351
Total in Japanese currency			
Total advances from the Consolidated Revenue Fund	3 405 186		3 706 365

The amounts of capital to be paid over the next five fiscal years breaks down as follows:

NOTES FO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

6. ADVANCES FROM THE CONSOLIDATED REVENUE FUND (cont'd)

2002	104 361
2003	989 484
2004	549 571
2005	3 848
2006	746 767

Derivative Instruments

Financement-Québec uses derivative instruments, notably swap and interest rate agreements, to manage foreign exchange and interest rate risks related to borrowings of Financement-Québec and advances from the Consolidated Revenue Fund. Par value for swap agreement in Canadian currency is $1 658.3 million.

7. CAPITAL STOCK

- **Description**

	2000
Authorized: 1 000 000 common shares with a par value of $100 each	
Issued and fully paid: 1 000 common shares	$100 000

The Corporation's shares are held by the Québec Minister of Finance.

8. CASH FLOWS

	2001	2000
Cash on hand	44	104
Short-term investments	108 949	
	108 993	104

The interest paid by the Corporation during the fiscal year totalled $268 351 915 (2000: $123 459 675).

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Corporation is a related party to all departments, special funds, agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Corporation did not carry out any business transactions with these related parties other than during the normal course of its activities and under normal business conditions. These transactions are not shown separately in the financial statements.

10. COMPARATIVE FIGURES

Certain 2000 figured were reclassified for consistency with the presentation adopted in 2001.

FINANCEMENT-QUÉBEC

MANAGEMENT'S REPORT

The financial statements of Financement-Québec have been prepared by the management which oversee their preparation and presentation, based on best judgements and estimates. This responsibility includes the appropriate accounting policy choice by using the generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Corporation acknowledges responsibilities to ensure that the affairs compliance with the provisions of the Act and regulations apply for the purposes of the mandate.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Corporation's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

Jacques Poirier
Executive Vice-President

Bernard Turgeon
President and CEO

Québec, June 29, 2001

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of Financement-Québec as at March 31, 2001, and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 29, 2001

FONDATION DE LA FAUNE DU QUÉBEC
(R.S.Q., c. C-61.1)

INCOME AND CHANGES IN FUND BALANCES
for the year ended March 31, 2001

	General Fund		Fixed Assets Fund	
	2001	2000	2001	2000
REVENUE				
Contributions collected on the issue of fishing, hunting and trapping licenses	$2 986 777	$3 056 725		
Contributions of the Anti-Poverty Fund	738 385	1 886 764		
Fund-raising (Note 3)	456 896	490 624		
Partner contributions	128 439	161 691	$53 747	$36 210
Interest	53 984	63 145	21 109	35 006
Donation of land				48 200
Miscellaneous revenue	57 703	26 061		
	4 422 184	5 685 010	74 856	119 416
EXPENDITURE (Note 4)				
Cost of wildlife projects	2 994 968	2 688 840	185 894	229 269
Cost of Anti-Poverty Fund projects	763 168	1 934 197		
Fund-raising expenses	354 816	413 843		
Administrative expenses	452 330	427 064		
	4 565 282	5 463 944	185 894	229 269
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(143 098)	221 066	(111 038)	(109 853)
OPENING FUND BALANCES	1 379 486	1 163 854	2 769 148	2 873 567
Inter-fund transfers	(1 418)	(5 434)	1 418	5 434
CLOSING FUND BALANCES	$1 234 970	$1 379 486	$2 659 528	$2 769 148

FONDATION DE LA FAUNE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001			2000
	General Fund	Fixed Assets Fund	Total	Total
ASSETS				
Current assets				
Cash on hand	$6 095	$2 074	$8 169	$39 815
Term deposits	590 000	280 000	870 000	1 090 000
Accrued interest	41 024	9 188	50 212	30 236
Bonds maturing within a year				194 637
Accounts receivable (Note 7)	282 611	12 969	295 580	563 467
Inventory	30 689		30 689	31 063
Prepaid expenses	10 095	21 037	31 132	27 522
	960 514	325 268	1 285 782	1 976 740
Investments (Note 6)	400 000		400 000	400 000
Collection of works of art	90 205		90 205	80 205
Fixed assets (Note 8)	7 981	2 336 260	2 344 241	2 344 339
	$1 458 700	$2 661 528	$4 120 228	$4 801 284
LIABILITIES				
Current liabilities				
Accounts payable and accruals	$173 900	$2 000	$175 900	$303 022
Deferred revenue	10 703		10 703	12 996
Deferred subscriptions (Note 9)	39 127		39 127	336 632
	223 730	2 000	225 730	652 650
FUND BALANCES				
Invested in collection	90 205		90 205	80 205
Invested in fixed assets	7 981	2 336 260	2 344 241	2 344 339
Allocations for wildlife projects (Note 10)	1 136 784	144 745	1 281 529	1 437 002
Free balance		178 523	178 523	287 088
	1 234 970	2 659 528	3 894 498	4 148 634
	$1 458 700	$2 661 528	$4 120 228	$4 801 284

DEPOSITS – WILDLIFE PROJECTS (Note 5)
COMMITMENTS (Note 12)

On behalf of the Board of Directors,
Rodrigue Biron
André Duchesne

FONDATION DE LA FAUNE DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001			2000
	General Fund	Fixed Assets Fund	Total	Total
OPERATING ACTIVITIES				
Receipts				
Contributions-users, partners, clients and members	$3 499 607	$65 828	$3 565 435	$3 690 945
Contributions from the du Anti-Poverty Fund and other government contributions	826 895		826 895	2 020 956
Interest earned	32 205	22 911	55 116	108 904
Disbursements				
Contributions to projects	(2 989 936)	(94 000)	(3 083 936)	(3 777 610)
Suppliers and staff members	(1 687 756)	(105 006)	(1 792 762)	(1 761 845)
Interest paid	(876)		(876)	(839)
Cash flows (used for) provided for operation activities	(319 861)	(110 267)	(430 128)	280 511
INVESTMENT ACTIVITIES				
Acquisition of works of art	(10 000)		(10 000)	(11 500)
Acquisition of fixed assets	(6 155)		(6 155)	(18 446)
Proceed from disposal of fixed assets				10 251
Cash flows used for investment activities	(16 155)		(16 155)	(19 695)
FINANCING ACTIVITIES				
Encashment of investments		194 637	194 637	
Inter-fund transfer	(1 418)	1 418		
Cash flows provided by (used for) financing activities	(1 418)	196 055	194 637	
(DECREASE) INCREASE IN CASH ON HAND AND CASH EQUIVALENTS	(337 434)	85 788	(251 646)	260 816
CASH ON HAND AND CASH EQUIVALENTS, BEGINNING OF YEAR	933 529	196 286	1 129 815	868 999
CASH ON HAND AND CASH EQUIVALENTS, END OF YEAR *	$596 095	$282 074	$878 169	$1 129 815

* Cash and cash equivalents include cash and term deposits.

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION, PURPOSE AND FUNDING

The Fondation de la faune du Québec, a non-profit corporation, was established under the Act respecting the conservation and development of wildlife (R.S.Q., c. C-61.1) for the purpose of promoting the conservation and development of wildlife and their habitat.

A contribution toward the funding of the Fondation, the amount of which is determined by regulation of the Government, is collected on the issue of fishing, hunting and trapping licences and paid to the Fondation by the Société de la faune des parcs du Québec.

2. ACCOUNTING POLICIES

The financial statements of the Fondation were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

The Fondation's current operations are included in the General Fund.

The Fixed Assets Fund records transactions related to the acquisition of land and development rights for wildlife habitat protection purposes. The Fondation's net assets, other than land, development rights and fixed assets, are reserved for the acquisition of fixed assets for the Fondation or third parties and for payment of related expenses. These fixed assets may not be disposed of, in whole or in part, without the consent of the partners who contributed to their purchase. This fund is therefore a designated fund.

Recording of Contributions

The Fondation uses the deferral method for recording contributions. Contributions allocated to operations are entered as revenue in the General Fund in the year during which the related expenditures are made. Contributions allocated to immoveables are entered as revenue in the Fixed Assets Fund.

Non-designated contributions are entered as revenue in the year during which they are made.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is calculated according to the first in, first out (FIFO) method.

Fixed Assets

Equipment

Equipment is recorded at cost and depreciated over its useful life on a straight-line basis at the rates of 20 and 33 1/3%.

Land

Land is entered at cost, except donated land, which is recorded, on the date of acquisition, at its estimated market value or a value based on its municipal assessment.

Development Rights

Development rights held under acts of servitude for wildlife are recorded at cost.

Works of Art

Works of art are recorded at cost, except for those which are donated or received in exchange for services rendered, which are recorded, on the acquisition date, at their estimated market value.

2. ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

The Fondation's policy consists in presenting under cash and cash equivalents bank balances and short-term investments that are easily convertible in the short term and a known amount of cash whose value should not change significantly.

Pension plans

The Fondation participates in interenterprise government defined benefits plans. Since it lacks sufficient information to apply the accounting procedure for defined benefit plans, the Fondation applies the accounting procedure for defined contribution plans.

3. FUND-RAISING

	2001	2000
Corporate subscriptions	$112 114	$111 128
Partners' contributions	21 480	
Sponsorships	69 500	71 350
Visa Nature Card – minus Visa service charges	100 320	86 551
Sales of stamps and photolithographs	133 147	124 759
Sales of silk squares	7 215	25 915
Donations, royalties, etc.	13 090	70 921
	$456 866	$490 624

4. EXPENDITURE

General Fund

	2001	2000
Cost of wildlife projects		
Contributions:		
Projects administered by partners	$1 616 863	$1 368 766
Projects administered by the Fondation *	268 023	297 219
"Pêche en ville" and "Relève" programs	617 599	530 344
Salaries and fringe benefits	402 772	401 292
Professional fees	5 883	5 461
Travelling expenses	18 915	16 190
Meetings, conferences and professional development	4 994	5 252
Advertising and promotional expenses	45 979	53 682
Printing and office expenses	10 054	8 700
Furniture and equipment	2 370	599
Depreciation of fixed assets	1 516	1 147
Other		188
	$2 994 968	$2 688 840

* Includes $79 137 (2000: $88 977) for professional fees and $70 549 (2000: $71 078) for salaries and fringe benefits.

FONDATION DE LA FAUNE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

4. EXPENDITURE (cont'd)

General Fund (cont'd)

Cost of Anti-Poverty Fund projects	2001	2000
Wage subsidies	$630 283	$1 762 400
Training subsidies	62 428	94 866
Management fees	69 425	75 899
Depreciation of fixed assets	1 032	1 032
	$763 168	$1 934 197

Fund-raising expenses	2001	2000
Salaries and fringe benefits	$159 064	$136 619
Professionals fees	500	15 855
Commissions and royalties	44 413	38 259
Production of goods	51 454	56 950
Travelling expenses	22 709	21 869
Meetings, conference and professional development	9 139	26 104
Advertising and promotional expenses	40 575	53 713
Printing and office expenses	17 275	18 290
Furniture and equipment	232	682
Depreciation of fixed assets	1 289	2 319
Loss on disposal of fixed assets		25 292
Other	8 166	17 891
	$354 816	$413 843

Administrative expenses	2001	2000
Salaries and fringe benefits	$293 526	$278 554
Professional fees	8 162	217
Travelling expenses	21 371	16 034
Meetings, conference and professional development	2 896	5 182
Advertising and promotional expenses	8 514	7 656
Rent	78 518	75 647
Printing and office expenses	25 615	26 524
Furniture and equipment	3 989	4 386
Depreciation of fixed assets	2 417	4 805
Other	7 322	8 059
	$452 330	$427 064

FONDATION DE LA FAUNE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

4. EXPENDITURE (cont'd)

Fixed Assets Fund

	2001	2000
Cost of wildlife projects		
Contributions:		
Land acquisition and protection projects		$24 000
Assistance to protected sites managers	$90 000	73 000
Indirect costs:		
Salaries and fringe benefits	23 280	45 935
Professional fees	17 790	38 450
Advertising and promotional expenses	9 494	9 176
Land management	42 466	29 527
Travelling expenses and other	2 864	7 660
Depreciation of fixed assets		1 521
	$185 894	$229 269

5. DEPOSITS – WILDLIFE PROJECTS

The Fondation holds funds on behalf of certain agencies for special projects in which the Fondation is not involved. The balance of these funds comprising cash, term deposits, accrued interest and related operations are not included in the Fondation's financial statements.

	2001	2000
Opening fund balance	$1 224 015	$822 110
Deposits and interest earned	1 068 072	893 745
Disbursements and administrative costs	(472 795)	(499 174)
Increase in accrued interest	33 323	7 334
Closing fund balance	$1 852 615	$1 224 015

6. INVESTMENTS

Investments include term deposits guaranteed by the credit line and are presented at face value. These term deposits mature between June 12, 2001 and June 12, 2004 and bear interest at rates varying between 6.05% and 6.35%.

7. ACCOUNTS RECEIVABLE

Accounts receivable includes an amount of $118 139 (2000: $323 051) owed by Gouvernement du Québec departments and agencies.

FONDATION DE LA FAUNE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
General Fund				
Equipment	$50 062	$42 081	$7 981	$8 079
Fixed Assets Fund				
Equipment	6 568	6 568		
Land	2 252 260		2 252 260	2 252 260
Management right	84 000		84 000	84 000
	2 342 828	6 568	2 336 260	2 336 260
	$2 392 890	$48 649	$2 344 241	$2 344 339

Depreciation for the year amounts to $6 254 (2000: $10 824).

9. DEFERRED CONTRIBUTIONS

Deferred contributions present the amounts received from the Anti-Poverty Fund through labour market re-entry and other partners designed to cover future expenditures. Changes in the amounts of the contributions recorded are as follows:

	2001			2000
	Anti-Poverty Fund	Other	Total	Total
Opening balance	$284 024	$52 608	$336 632	$251 139
Contributions for the fiscal year	454 361	248 582	702 943	2 250 976
Amounts noted as products of the fiscal year	(738 385)	(262 063)	(1 000 448)	(2 165 483)
Closing balance		$39 127	$39 127	$336 632

10. ALLOCATIONS FOR WILDLIFE PROJECTS

General Fund

The Fondation has committed to paying a sum of $2 512 851 as financial assistance for various wildlife projects. At March 31, 2001, the financial assistance contracts signed represented $1 594 225 of the total amount committed.

The Fondation allocated $1 136 784 to meet its commitments.

Fixed Assets Fund

The Fondation is committed to paying $144 745 for the acquisition of land for wildlife purposes.

11. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its statements and measured at exchange value, the Fondation is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fondation did not conclude any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

12. COMMITMENTS

The Fondation is committed to a long-term lease for office space expiring November 30, 2005. This lease includes a five-year renewal option. The minimum lease payments for the coming fiscal years are as follows:

2002	$77 755
2003	78 604
2004	80 301
2005	80 301
2006	53 534
	$370 495

13. FUTURE FRINGE BENEFITS

Pension plan

The staff members of the Fondation participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Fondation's contributions charged to the year-end statement amount to $27 238 (2000: $37 383). The liability of the Fondation towards this Government plan is restricted to its contributions as an employer. The reduction in expenses for the fiscal year ended March 31, 2001 is due to a significant drop in employer contribution rates for regular RREGOP service.

14. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

FONDATION DE LA FAUNE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Fondation de la Faune du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Fondation recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Fondation's financial statements in accordance with generally accepted auditing standards In Canada, and his report states the nature and scope of his audit as well as his opinion.

Bernard Beaudin
President and Chief Executive Officer

Sainte-Foy, June 5, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fondation de la faune du Québec as at March 31, 2001, and the statements of income and changes in fund balances and of cash flows for the year then ended. These financial statements are the responsibility of the Fondation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present, in all material respects, the financial position of the Fondation as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, June 5, 2001

FONDS CENTRAL POUR LE BÉNÉFICE DES PERSONNES INCARCÉRÉES

(R.S.Q., c. S-4.01)

REVENUE AND EXPENDITURE AND SURPLUS

for the year ended December 31, 2000

	2000	1999
REVENUE		
Contributions by funds established in houses of detention	$30 693	$19 153
Interest on loans	7 550	1 247
Interest on investments and bank deposits	71 570	73 077
Dividends on mutual fund units	23 024	12 555
Gain on sales of mutual fund units		13 121
	132 837	119 153
EXPENDITURE		
Salaries and fringe benefits	66 595	63 761
Administrative expenses	35 481	22 460
Professional fees	5 138	5 595
Gift to funds established in house of detention	42 039	60 369
Loss on sale of mutual fund units	5 220	
	154 473	152 185
EXCESS OF EXPENDITURE OVER REVENUE	(21 636)	(33 032)
SURPLUS, BEGINNING OF YEAR	2 100 806	2 133 838
SURPLUS, END OF YEAR	$2 079 170	$2 100 806

FONDS CENTRAL POUR LE BÉNÉFICE DES PERSONNES INCARCÉRÉES

BALANCE SHEET
as at December 31, 2000

	2000	1999
ASSETS		
Current assets		
Cash on hand	$344 672	$89 652
Term deposit, at rate of 5.35%	300 000	400 000
Contributions receivable	12 069	16 562
Other accounts receivable		4 963
Accrued interest	2 267	1 523
Loans (Note 4)	17 425	5 682
	676 433	518 382
Loans (Note 4)	337 281	179 685
Investments (Note 5)	1 066 669	1 411 856
	$2 080 383	$2 109 923
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$1 213	$9 117
SURPLUS	2 079 170	2 100 806
	$2 080 383	$2 109 923

SUBSEQUENT EVENT (Note 6)

On behalf of the Board of Directors,
Arthur Fauteux
Nicole Quesnel

CASH FLOWS
for the year ended December 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Excess of expenditure over revenue	$(21 636)	$(33 032)
Adjustments for:		
Loss (gain) on sale of mutual fund units	5 220	(13 121)
Dividends on mutual fund units	(23 024)	(12 555)
Interest on mutual fund units		(2 490)
	(39 440)	(61 198)
Change in elements linked to operations		
Encashment of loans	13 271	5 325
New loans	(182 610)	
Other accounts receivable	4 963	(4 963)
Contributions receivable	4 493	5 599
Accrued interest	6 408	(16 310)
Accounts payable and accruals	(7 904)	1 088
	(161 379)	(9 261)
Cash flows used for operating activities	(200 819)	(70 459)
INVESTMENT ACTIVITIES		
Acquisition of investments	(236 014)	(529 657)
Proceeds from sale of investments	591 853	570 291
Cash flows generated by investment activities	355 839	40 634
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	155 020	(29 825)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	489 652	519 477
CASH AND CASH EQUIVALENTS, END OF YEAR	$644 672	$489 652

COMPOSITION OF CASH AND CASH EQUIVALENTS

	2000	1999
Cash on hand	$344 672	$89 652
Term deposits	300 000	400 000
	$644 672	$489 652

FONDS CENTRAL POUR LE BÉNÉFICE DES PERSONNES INCARCÉRÉES

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

---

1. CONSTITUTION, PURPOSE AND FINANCING

A legal person within the meaning of the Civil Code, the Fonds central pour le bénéfice des personnes incarcérées was established under the Act respecting correctional services (R.S.Q., c. S-4.01). Its functions are to lend support to a fund established in a house of detention and in financial difficulty, for which purpose it may make a gift to it or grant it a loan with or without interest; devise policies concerning programs of activities and advise the Government on what regulations to adopt; and approve the program of activities established by every fund established in a house of detention.

The Fonds receives a contribution from every fund established for the benefit of persons confined in houses of detention. The Government prescribes the limits within which the Fonds shall determine this contribution, which may vary according to the criteria it prescribes by regulation.

2. ACCOUNTING POLICIES

The financial statements of the Fonds were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

3. CASH AND CASH EQUIVALENTS

The Fonds' policy consists in presenting under cash and cash equivalents bank balances and short-term investments maturing within three months of the date they were acquired.

4. LOANS

	2000	1999
Loans to funds established in houses of detention		
Sherbrooke – bearing interest at 6.5%, encashable in monthly instalments of $1 240 (principal and interest), maturing in 2015 *	$138 486	$18 213
Sherbrooke – interest-free until 2003 and instalments to be determined and begin in 2003 *	50 000	25 486
Amos – bearing interest at 7.5%, encashable in monthly instalment of $605 (principal and interest), maturing in 2004 *	24 552	
Trois-Rivières – bearing interest at 6.5%, encashable in monthly instalments of $1 234 (principal and interest) beginning on January 1st, 2001 and maturing in 2015 *	141 668	141 668
	354 706	185 367
Instalments due within one year	(17 425)	(5 682)
	$337 281	$179 685

* The interest rate and terms of repayments will be re-evaluated conditions annually on the loan's anniversary date.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000

5. INVESTMENTS - AT ACQUISITION COST

	2000	1999
Bonds		
Gouvernement du Québec, at varying rates from 5.11% to 5.36%, maturing from 2001 to 2003	$356 085	$456 085
Hydro-Québec, at rates of 6.03% and 6.52%, maturing in 2001 and 2003	227 399	423 572
Hydro-Ontario, at a rate of 6.147%, maturing in 2004	119 774	
Accrued interest	66 121	73 273
	769 379	952 930
Mutual fund units (market value: 2000: $330 664; 1999: $483 718)	297 290	458 926
	$1 066 669	$1 411 856

6. SUBSEQUENT EVENT

In January 2001, the Fonds committed to granting Établissement de Québec a $500 000 loan.

MANAGEMENT'S REPORT

The financial statements of the Fonds central pour le bénéfice des personnes incarcérées have been prepared by the management which see over the preparation and presentation, based on best judgments and estimates. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Fonds recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Fonds' financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Arthur Fauteux
President

Québec, March 29, 2001

FONDS CENTRAL POUR LE BÉNÉFICE DES PERSONNES INCARCÉRÉES

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fonds central pour le bénéfice des personnes incarcérées as at December 31, 2000, and the statement of revenue and expenditure and surplus as well as the statement of cash flows for the year then ended. These financial statements are the responsibility of the Fonds' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fonds as at December 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada . As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, March 29, 2001

FONDS D'AIDE AUX RECOURS COLLECTIFS
(R.S.Q., c. R-2.1)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Subsidy from the Gouvernement du Québec	$708 600	$608 606
Subrogations	373 409	376 934
Balances on class actions and settled claims	166 137	185 426
Interest	37 958	41 908
	1 286 104	1 212 874
EXPENDITURE		
Assistance to recipients (Note 3)	1 257 714	960 768
Expenses of the board of director:		
Fees	37 355	35 770
Communications and travelling expenses	9 773	9 105
	47 128	44 875
Administrative expenses:		
Salaries and fringe benefits (Note 4)	190 700	213 432
Rent	30 326	29 755
Professional and administrative services	28 841	18 267
Transportation and communications	7 673	8 097
Equipment	3 879	750
Materials and supplies	2 824	2 950
Maintenance and repairs	1 086	910
Other expenses	9	
	265 338	274 161
	1 570 180	1 279 804
EXCESS OF EXPENDITURE OVER REVENUE	(284 076)	(66 930)
SURPLUS, BEGINNING OF YEAR	911 846	978 776
SURPLUS, END OF YEAR	$627 770	$911 846

SEGMENTAL REPORTING (Note 5)

FONDS D'AIDE AUX RECOURS COLLECTIFS

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$172 349	$254 021
Short-term investments – at cost		138 194
Gouvernement du Québec subsidy receivable	100 000	4 706
Accounts receivable		2 390
Accrued interest	16 900	21 913
Prepaid expenses	802	1 031
	290 051	422 255
Investment – at cost (Note 6)	405 788	550 000
	$695 839	$972 255
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$46 508	$40 326
Provision for sick leave (Note 9)	21 561	20 083
	68 069	60 409
SURPLUS		
Surplus reserved for assistance to recipients (Note 7)		
Maintenance of liquid assets	100 000	100 000
Coverage of commitments	527 770	811 846
	627 770	911 846
	$695 839	$972 255

COMMITMENTS (Note 8)

On behalf of the Board of Directors,
Jean Bernier
Anne Turgeon
Serge Laurin

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Fonds d'aide aux recours collectifs was established under the Act respecting the class action (R.S.Q., c. R-2.1) for the purpose of ensuring the financing of class action suits and disseminating information respecting the exercise of such suits. It ensures the necessary funding for launching and carrying out a class action suit.

2. ACCOUNTING POLICIES

The financial statements of the Fonds were prepared by management on the accrual basis in accordance with the accounting policies disclosed below. These statements include amounts based on best estimates and judgements. The cash flow statement is not shown as it would not provide any useful supplementary information regarding the Fonds' cash flow during the year.

Financial Assistance to Recipients

Assistance to recipients is recorded upon payment.

Fixed Assets

Acquisitions of equipment are charged to operations.

Revenue

Revenue from subrogations, balances on class actions and settled claims is recorded on the cash basis.

Pension plan

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Fonds lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. FINANCIAL ASSISTANCE TO RECIPIENTS

The assistance to recipients for class actions during the year includes $500 132 (2000: $284 054) for three suits related to the July 1996 floods in the Saguenay region.

4. SALARIES AND FRINGE BENEFITS

Salaries and fringe benefits for the fiscal year ended March 31, 2001 include $564 (2000: $23 867) in retroactivity.

FONDS D'AIDE AUX RECOURS COLLECTIFS

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

5. SEGMENTAL REPORTING

Activity sectors	2001 Operations	2001 Assistance to recipients	2001 Total	2000 Operations	2000 Assistance to recipients	2000 Total
Revenue						
Subsidy from the Gouvernement du Québec	$310 400	$398 200	$708 600	$210 406	$398 200	$608 606
Subrogations		373 409	373 409	108 630	268 304	376 934
Balances on class actions and settled claims		166 137	166 137		185 426	185 426
Interest (1)	2 066	35 892	37 958		41 908	41 908
	312 466	973 638	1 286 104	319 036	893 838	1 212 874
Expenditure						
Assistance to recipients		1 257 714	1 257 714		960 768	960 768
Expenses of the board of directors:						
Fees	37 355		37 355	35 770		35 770
Communications and travelling expenses	9 773		9 773	9 105		9 105
	47 128		47 128	44 875		44 875
Administrative expenses:						
Salaries and fringe benefits	190 700		190 700	213 432		213 432
Rents	30 326		30 326	29 755		29 755
Professional and administrative expenses	28841		28841	18 267		18 267
Transportation and communications	7 673		7 673	8 097		8 097
Equipment	3 879		3 879	750		750
Materials and supplies	2 824		2 824	2 950		2 950
Maintenance and repairs	1 086		1 086	910		910
Other expenses	9		9			
	265 338		265 338	274 161		274 161
	312 466	1 257 714	1 570 180	319 036	960 768	1 279 804
Excess of expenditure over revenue		$(284 076)	$(284 076)		$(66 930)	$(66 930)

(1) For the year ended March 31, 2001, the board of directors voted that a portion of the revenue from subrogations be allocated to cover the Fonds' operating costs in order to offset expenditure. In accordance with the Act respecting the class action, all revenue from balances on class actions and settled claims is allocated to assistance to recipients.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

6. INVESTMENT

	2001	2000
Québec savings bond maturing June 1, 2008 at an interest rate of 5.00%	$405 788	$550 000

7. SURPLUS

The Fond's board of directors passed a resolution to use any surplus to cover the Fonds' commitments with regard to providing assistance to recipients. The board deems it essential that cash assets be maintained at a level of $100 000 and a reserve be maintained to cover commitments in order to ensure financial stability and sound financial management. However, the amount of this reserve shall not exceed 75% of the Fonds' commitments.

8. COMMITMENTS

As at March 31, 2001, Fonds commitments related to assistance to recipients amount to $2 408 234, including $428 529 for the three suits related to the Saguenay floods. As at March 31, 2000, Fonds commitments related to assistance to recipients amount to $1 910 134, including $194 836 for the three suits related to the Saguenay floods.

9. FUTURE FRINGE BENEFITS

Pension Plan

The staff members of the Fonds participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Fonds' contributions charged to the year-end statement amount to $5 871 (2000: $9 611). The liability of the Fonds towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave

	2001	2000
Opening balance	$20 083	$18 272
Expenditure for the year	9 038	7 180
Benefits paid during the year	(7 560)	(5 369)
Closing balance	$21 561	$20 083

FONDS D'AIDE AUX RECOURS COLLECTIFS

MANAGEMENT'S REPORT

The financial statements of the Fonds d'aide aux recours collectifs were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies, which are disclosed in Note 2 of the financial statements. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Fonds recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Fonds' financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Jean Bernier
President

Louise Ducharme
Legal Counsel and Secretary

Montréal, June 28, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fonds d'aide aux recours collectifs as at March 31, 2001, and the statement of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Fonds' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fonds as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with the accounting policies disclosed in Note 2. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these policies were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 28, 2001

FONDS D'ASSURANCE-GARANTIE ADMINISTRÉ PAR LA RÉGIE DES MARCHÉS AGRICOLES ET ALIMENTAIRES DU QUÉBEC

(R.S.Q., c. M-35.1 and c. P-30)

REVENUE AND EXPENDITURE AND FUND BALANCE
for the fiscal year ended March 31, 2001

	2001	2000
REVENUE		
Premiums	$139 113	$101 745
Investment income (Note 3)	409 094	471 883
	548 207	573 628
EXPENDITURE		
Guarantee claims	7 349	59 279
EXCESS OF REVENUE OVER EXPENDITURE	540 858	514 349
OPENING FUND BALANCE	3 684 889	3 170 540
CLOSING FUND BALANCE	$4 225 747	$3 684 889

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Cash on hand	$2 335	$24 571
Accounts receivable	175	812
Deposits with the General Fund of the Caisse de dépôt et placement du Québec		
Demand deposits and accrued interest	57 580	140 168
Participation deposits (Note 4)	4 301 607	3 648 924
	$4 361 697	$3 814 475
LIABILITIES		
Pre-paid premiums		$23 220
Guarantee claim payable	$135 950	106 366
FUND BALANCE	4 225 747	3 684 889
	$4 361 697	$3 814 475

GUARANTEE POLICIES (Note 5)

On behalf of the Régie,
René Cormier
Claude Régnier

FONDS D'ASSURANCE-GARANTIE ADMINISTRÉ PAR LA
RÉGIE DES MARCHÉS AGRICOLES ET ALIMENTAIRES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Régie des marchés agricoles et alimentaires du Québec was established by a special Act (R.S.Q., c. M-35.1).

The Régie's functions are to foster the efficient and orderly marketing of agricultural and food products, the development of harmonious relations between the various parties involved and the settlement of disputes arising in connection with the production and marketing of such products, taking into account the interests of consumers and the protection of the public interest. The Régie has the same functions in respect of the marketing of fish products. It also manages the Guarantee Insurance Fund.

Guarantee Insurance Fund

The Guarantee Insurance Fund results from the Régie's application of Division V (pertaining to guarantee policies) of the Dairy Products and Dairy Products Substitutes Act (R.S.Q., c. P-30).

The Régie provides milk dealers with guarantee policies to cover the payment of sums that a milk dealer owes or may owe to his producers or to the agency responsible for applying a joint plan. Premiums collected and any other net revenue of the Fund must be used solely to pay claims arising from policies issued by the Régie. No one may act as a milk dealer without holding a policy issued by the Régie. On the Government's authorization, the Minister of Finance may advance the sums required by the Régie to discharge its obligations under policies it issues.

2. ACCOUNTING POLICIES

The financial statements of the Guarantee Insurance Fund administered by the Régie were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best judgments and estimates. The statement of cash flows is not shown as it would not provide any useful supplementary information regarding the Fund's cash flows during the year.

Reimbursement of claims

Claims from producers or from the agency responsible for applying a joint plan are recorded when known. The amount of these claims is adjusted as additional information is known.

Deposits with the General Fund of the Caisse de dépôt et placement du Québec

Deposits are recorded at cost.

Administrative expenses

The Fund's administrative expenses are borne by the Consolidated Revenue Fund.

3. INVESTMENT INCOME

	2001	2000
General Fund of the Caisse de dépôt et placement du Québec		
Participation deposits	$407 128	$469 595
Demand deposits	1 966	2 288
	$409 094	$471 883

4. PARTICIPATION DEPOSITS

Participation deposits with the General Fund of the Caisse de dépôt et placement du Québec are expressed in units and each unit gives the holder a proportional share in the net equity and the net revenue of the General Fund. Units may be refunded on advance notice in accordance with the terms of payment of the Caisse de dépôt at the fair value of the net equity of the General Fund at the end of each month.

	2001	2000
Number of units	4 844	4 195
Fair value per unit	$924	$1 041
Cost of units	4 301 607	3 648 924
Fair value of units	4 475 338	4 365 721

5. GUARANTEE POLICIES

The guarantee policies issued by the Régie insure an amount representing the three largest monthly shipments of milk and cre from producers during the previous fiscal year. Policies in force as at March 31, 2001 totalled $502 million ($406 million - as at March 31, 2000).

Further, in addition to guaranteeing the solvability of a dairy merchant, the Régie demanded additional conditions before issuing a guarantee policy. For new dairy merchants, those in financial straits and foreign companies, letters of guarantee or bonds issued by financial institutions, parent companies or subsidiaries were required. The value of these additional guarantees as at March 31, 2001 totalled $84 M (March 31, 2000: $87 M).

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Guarantee Insurance Fund administered by the Régie des marchés agricoles et alimentaires du Québec as at March 31, 2001 and the statement of revenue and expenditure and Fund balance for the year then ended. These financial statements are the responsibility of the Régie's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Guarantee Insurance Fund as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, July 11, 2001

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS
(R.S.Q., c. A-29.1)

REVENUE AND EXPENDITURE AND EQUITY
for the year ended March 31, 2001

	2001	2000
REVENUE		
Insurance charges (Note 3)	$12 899 391	$11 822 185
Investment income		
Interest on bank deposits	2 986	2 502
Interest on demand deposits	32 465	138 912
Interest on term deposits		643 220
Revenue from participation deposits	4 524 033	2 932 350
Revenue from fixed bond rate term deposits		455 027
	4 559 484	4 172 011
	17 458 875	15 994 196
EXPENDITURE		
Allowance for loan guarantees (Note 6)	17 239 577	2 329 494
EXCESS OF REVENUE OVER EXPENDITURE	219 298	13 664 702
EQUITY (DEFICIT), BEGINNING OF YEAR	12 180 838	(1 483 864)
EQUITY, END OF YEAR	$12 400 136	$12 180 838

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$1 622	$1 742
Investment income receivable	268 142	745 179
Insurance fees receivable	2 093 465	
	2 363 229	746 921
Fund entrusted to the Caisse de dépôt et placement du Québec (Note 4)	81 284 464	69 123 058
	$83 647 693	$69 869 979
LIABILITIES		
Current liabilities		
Net gains deferred to the sale of investments (Note 5)	$3 415 557	$3 000 141
Advances from the Gouvernement du Québec – interest-free and without repayment terms	10 000 000	10 000 000
Allowance for loan guarantees (Note 6)	57 832 000	44 689 000
	71 247 557	57 689 141
EQUITY	12 400 136	12 180 838
	$83 647 693	$69 869 979

INSURED LOANS (Note 7)

On behalf of the Board of Directors,
Laurent Pellerin
André Dicaire

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Fonds d'assurance-prêts agricoles et forestiers was established under the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., c. A-29.1). It guarantees to a lender the repayment of losses in principal and interest resulting from a farm loan or a forestry loan granted on or after August 1, 1978, and of expenses allowable by regulation that are incurred by the lender to protect his securities or to claim or obtain from the debtor in default the sums owing to him or that have become payable on the loan.

2. ACCOUNTING POLICIES

The financial statements of the Fonds were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The statement of changes in financial position is not shown as it would not provide any useful supplementary information regarding the Fonds' cash flow during the year.

Funds Entrusted to the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost plus an adjustment established according to the market-related value. This adjustment represents the annual fluctuations in the market value of these amortized at an annual rate of 9.09% (2000: 9.09%) using the straight-line method. This rate was established considering the average remaining loan period for secured loans.

Net gains deferred to the sale of investments

Gains and losses on participation deposits are recorded and amortized at an annual rate of 9.09% (2000: 9.09%) using the straight-line method. This rate was established considering the average remaining loan period for secured loans.

Allowance for Loan Guarantees

As guarantor, the Fonds is exposed to the economic uncertainties and risks inherent in agriculture and forestry. If the agricultural economic conditions used to estimate the required allowance were to change, the real losses on guaranteed loans may differ from that estimate made.

The allowance for loan guarantees includes a general component and a specific component. Following the results of the actuarial analysis of the prime rate dated July 5, 2000, the Société changed its model for establishing the general allowance as at March 31, 2001. The general allowance is established using the loss discount method considering a failure rate, mean losses according to the duration of the term of each guaranteed loan at the fiscal year-end and an annual discount rate of 6%. This allowance includes a margin for unfavourable variances of 15% for long-term loans and 10% for short- and medium-term loans in keeping with Canadian Institute of Actuaries standards.

The specific allowance is established based on a case-by-case analysis of the loans insured as at March 31, 2001 for which the amount in arrears has been owing for more than 180 days or when circumstances make the possibility of one day collecting the capital and interest doubtful. The specific allowance represents the balance of the loan guarantee adjusted by the guarantees' realizable value.

3. INSURANCE CHARGES

Insurance charges are paid by the Gouvernement du Québec. They correspond to 1.43% (2000: 1.85%) of the authorized amount of loans for which the first instalment was paid to the lender during the previous fiscal year and 1.25% (2000: 1%) of the balance of credit adjudication granted by the lender as at March 31 of the previous year.

4. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

Participation deposits are invested in a specific fund according to the Société's investment policy and are expressed in units. These units are repayable with advance notice according to the terms of the Caisse's regulations, at the market value of the net equity of the specific fund at the beginning of each month. Demand deposits are invested in the general fund.

4. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (cont'd)

	2001	2000
Participation deposits		
Cost of units	$81 034 620	$68 727 544
Cumulated adjustment of the difference between market value and acquisition cost	339 753	310 062
	81 374 373	69 037 606
Demand deposits	(89 909)	85 452
	$81 284 464	$69 123 058

At March 31, 2001, the market value of the 71 607 participation deposits units (2000: $61 115) was $81 361 200 (2000: $72 138 229). The sums deposited to the Caisse de dépôt et placement du Québec during the fiscal year totalled $10 838 815 (2000: $11 822 185). The sums withdrawn from the Caisse de dépôt et placement du Québec during the fiscal year totalled $4 126 360 (2000: $3 694 964).

5. NET GAINS DEFERRED TO THE SALE OF INVESTMENTS

	2001	2000
Opening balance	$3 000 141	$1 615 766
Gains and losses realized during the fiscal year	897 270	1 816 387
Portion posted to revenue for the fiscal year	(481 854)	(432 012)
Closing balance	$3 415 557	$3 000 141

6. ALLOWANCE FOR LOAN GUARANTEES

	2001	2000
Opening balance	$44 689 000	$46 056 000
Reimbursement of losses to lenders	(4 103 461)	(3 716 002)
Recovery of losses	6 884	19 508
Change in allowance – expenditure	17 239 577	2 329 494
Closing balance	$57 832 000	$44 689 000
Specific allowance	$12 067 000	$8 666 846
General allowance	45 765 000	36 022 154
Closing balance	$57 832 000	$44 689 000

The allowance for loan guarantees is established in relation to the overall portfolio of loans insured as at March 31, 2001, totalling $3 719,4 million (2000: $3 409,4 million). As at March 31, 2001, insured loans covered by a specific allowance amount to $26 million (2000: $19 million).

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

7. INSURED LOANS

The balance in principal and interest on loans for which the Fonds has insured repayment of losses and related expenses and breaks down as follows:

	2001	2000
An Act respecting the Société de financement agricole (R.S.Q., c. S-11.0101)	$3 057 416 000	$2 642 569 000
An Act respecting farm financing (R.S.Q., c. F-1.2)	403 988 000	469 149 000
An Act to promote long term farm credit by private institutions (R.S.Q., c. C-75.1)	212 583 000	254 367 000
An Act to promote forest credit by private institutions (R.S.Q., c. C-78.1)	13 362 000	16 311 000
An Act to promote farm improvement (R.S.Q., c. A-18)	59 000	101 000
Forest Act (R.S.Q., c. F-4.1)	26 727 000	20 545 000
Forestry Credit Act (R.S.Q., c. C-78)	2 767 000	3 406 000
Farm Credit Act (R.S.Q., c. C-75)	2 468 000	2 871 000
An Act to promote credit to farm producers (R.S.Q., c. C-77)	4 000	61 000
	$3 719 374 000	$3 409 380 000

8. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, recorded at exchange value, the Fonds is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fonds did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fonds d'assurance-prêts agricoles et forestiers as at March 31, 2001 and the statements of revenue and expenditure and of equity for the year then ended. These financial statements are the responsibility of the Fonds' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present, in all material respects, the financial position of the Fonds as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with the generally accepted accounting policies principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 24, 2001

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC
(R.S.Q., c. M-19.1.2)

REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	2001	2000
SCHOLARSHIPS AND GRANTS		
REVENUE		
Subsidies (Note 3)	$64 375 171	$60 167 501
Interest and other revenue (Note 4)	976 448	744 305
	65 351 619	60 911 806
SCHOLARSHIPS AND GRANTS AWARDED (Note 5)	65 229 527	60 941 659
EXCESS OF REVENUE OVER EXPENDITURE FOR OPERATING ACTIVITY	122 092	(29 853)
OPERATIONS		
REVENUE		
Subsidies (Note 6)	2 307 966	2 040 102
Interest and other revenue	413 424	92 804
	2 721 390	2 132 906
OPERATING EXPENSES (Note 7)	2 713 904	2 274 250
EXCESS OF REVENUE OVER EXPENDITURE FOR OPERATING ACTIVITY	7 486	(141 344)
EXCESS OF REVENUE OVER EXPENDITURE	$129 578	$(171 197)

SURPLUS
for the year ended March 31, 2001

	2001	2000
DEFICIT, BEGINNING OF YEAR	$(768 354)	$(1 388 564)
Excess of revenue over expenditure	129 578	(171 197)
Subsidies from the Ministère de la Recherche, de la Science et de la Technologie to absorb part of accumulated deficit for the awarding of bursaries and subsidies	731 955	896 100
Information systems review program		(104 693)
SURPLUS (DEFICIT), END OF YEAR	$93 179	$(768 354)

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$9 269 952	$1 314 135
Term deposits (4.62% to 4.95%)	1 176 000	7 060 800
Accrued interest	23 391	27 259
Accounts receivable	738 380	1 219 210
Prepaid expenses	134 561	45 281
	11 342 284	9 666 685
Fixed assets (Note 8)	731 057	291 724
	$12 073 341	$9 958 409
LIABILITIES		
Current liabilities		
Scholarships and grants payable	$5 704 531	$5 589 750
Accounts payable and accruals	166 764	239 334
Deferred revenue	3 722 138	3 019 797
	9 593 433	8 848 881
Deferred contributions	1 160 740	716 724
Special Research Fund (Note 9)	1 225 989	1 161 158
SURPLUS (DEFICIT) (Note 10)	93 179	(768 354)
	$12 073 341	$9 958 409

COMMITMENTS (Note 12)
SUBSEQUENT EVENT (Note 14)

On behalf of the Board of Directors,
Michel Bureau
Marielle Gascon Barré

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Fonds de la recherche en santé du Québec is a corporation established under the Act to promote the advancement of science and technology in Québec (R.S.Q., c. D-9.1). Its purpose is to promote or provide financial support, through grants and scholarships, for research and for the training and advanced training of researchers in the field of health sciences. In addition, it implements the financial support programs that are under its authority pursuant to another act or, with the authorization of the Government and on the conditions it determines, the financial support programs under the authority of a Government department or public agency.

2. ACCOUNTING POLICIES

The financial statements of the Fonds were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The statement of changes in financial position is not shown as it would not provide any useful supplementary information regarding the Fonds' cash flow during the year.

Scholarships and Grants Awarded

Scholarships and grants are entered when they are approved and the recipients have met the eligibility criteria. Scholarships and grants that are cancelled or recovered are recorded in the year in which they were cancelled or recovered.

Fixed Assets

Fixed assets are recorded at acquisition cost and depreciated on a straight-line basis applicable in the year following the year they were acquired and for the estimated duration of their service life, i.e. 5 years for furniture and equipment, 3 years for computer equipment and software and for the remainder of the lease for leasehold improvements.

Deferred Revenue

Subsidies appropriated by the Government for the awarding of bursaries and subsidies and the implementation of the information systems review program are deferred and recognized during the fiscal year when the expenses to which they are related are incurred.

Deferred Contributions

Contributions received for the acquisition of depreciable fixed assets are deferred and entered in the statement of revenue and expenditure on the same terms as the depreciation of the related fixed assets.

Pension plan

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Fonds lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. SUBSIDIES - SCHOLARSHIPS AND GRANTS

	2001	2000
Government		
Ministère de la Recherche, de la Science et de la Technologie du Québec	$53 626 929	$48 435 473
Régie de l'assurance-maladie du Québec	8 400 000	8 400 000
Ministère des Affaires internationales du Québec	28 548	22 491
Ministère de la Santé et des Services sociaux du Québec	416 587	782 000
Canadian Health Services Research Foundation	78 166	81 977
	62 550 230	57 721 941
Other	1 824 941	2 445 560
	$64 375 171	$60 167 501

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

4. INTEREST AND OTHER REVENUE SCHOLARSHIPS AND GRANTS

	2001	2000
Interest on bank and short-term deposits	$738 460	$621 740
Cancellations and recovery of scholarships and grants	237 988	122 565
	$976 448	$744 305

5. SCHOLARSHIPS AND GRANTS AWARDED

	2001	2000
Infrastructure subsidies	$40 563 511	$37 632 757
Research fellowships and national health scientists	16 299 739	13 422 999
Project subsidies	3 475 656	4 616 187
Training grants	3 026 059	2 714 605
Partnerships	1 864 562	2 555 111
	$65 229 527	$60 941 659

6. SUBSIDIES - OPERATIONS

	2001	2000
Operating subsidies – Ministère de la Recherche, de la Science et de la Technologie du Québec	$2 296 704	$2 081 700
Deferred contributions – Contribution for the acquisition of depreciable fixed assets	(576 750)	(165 232)
Deferred revenue – non-capitalizable computer plan expenses	54 893	
Deferred contributions – capitalizable computer plan expenses	395 702	
Deferred contributions– Write-off of computer equipment	4 744	
Deferred contributions – Write-off of equipment		165
Amortization of deferred contributions	132 673	123 469
	$2 307 966	$2 040 102

7. OPERATING EXPENSES

	2001	2000
Salaries and fringe benefits	$1 456 496	$1 370 164
Professional fees	122 446	63 927
Travelling and accommodation expenses	340 207	190 735
Office space	265 647	259 713
Office expenses	148 026	141 913
Maintenance and repairs	246 815	124 288
Depreciation of furniture and equipment	8 253	6 726
Depreciation of data processing equipment and software	92 555	84 879
Amortization of leasehold improvements	31 865	31 865
Loss on write-off of computer equipment	1 594	
Loss on write-off of equipment		40
	$2 713 904	$2 274 250

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	$46 396	$18 650	$27 746	$30 867
Leasehold improvements	218 729	63 730	154 999	47 797
Data processing equipment and software	710 215	161 903	548 312	213 060
	$975 340	$244 283	$731 057	$291 724

Disbursements related to the acquisition of fixed assets totalled $576 750 (2000: $165 232). Revenues from the disposition of fixed assets totalled $3 150 (2000: $125) and the related loss totalled $1 594 (2000: $40).

9. SPECIAL RESEARCH FUND

This item represents amounts received from private firms for the establishment of a special research fund.

Under agreements, 86% of the interest generated by this fund shall be used for grants for research fellowships in pharmacology and hypertension. Also, 4% of the interest is paid to the Fonds de la recherche en santé du Québec as administrative expenses and the balance, i.e. 10%, is allocated to the capital.

The amounts are distributed as follows:

	2001	2000
Pharmacology		
Capital	$445 804	$442 365
Accumulated interest	178 911	149 335
	624 715	591 700
Hypertension		
Capital	538 312	534 998
Accumulated interest	62 962	34 460
	601 274	569 458
	$1 225 989	$1 161 158

Changes in Fund Balance
for the year ended March 31, 2001

	2001	2000
Opening balance	$1 161 158	$1 155 693
Increase		
Interest on term deposits	67 532	56 100
Decrease		
Scholarships awarded		48 391
Administrative expenses – Fonds de la recherche en santé du Québec	2 701	2 244
	2 701	50 635
Closing balance	$1 225 989	$1 161 158

9. SPECIAL RESEARCH FUND (cont'd)

Balance Sheet
as at March 31, 2001

	2001	2000
Assets		
Current assets		
Cash on hand	$1 228 690	$14 700
Term deposits		1 160 800
	$1 228 690	$1 175 500
Liabilities		
Current liabilities		
Grants payable		$12 098
Administrative expenses payable	$2 701	2 244
	2 701	14 342
Fund balance	1 225 989	1 161 158
	$1 228 690	$1 175 500

10. SURPLUS

	2001	2000
Scholarships and grants	$92 238	$(761 809)
Operations	941	(6 545)
	$93 179	$(768 354)

11. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its statements, and measured at exchange value, the Fonds is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fonds did not conclude any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

12. COMMITMENTS

The Fonds is committed under long-term leases whose maturity dates vary until June 30, 2011 for administrative offices. These leases include a 10-year renewal option.

Lease payments for the year ended March 31, 2001 amount to $248 214. The minimum lease payments for the next four fiscal years are as follows:

12. COMMITMENTS (cont'd)

2002	$345 913
2003	330 499
2004	365 166
2005	404 886
2006	477 238
2007 and thereafter	2 945 190
	$4 868 892

13. FUTURE FRINGE BENEFITS

Pension Plan

The staff members of the Fonds participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Fonds' contributions charged to the year-end statement amount to $18 776 (2000: $44 384). The liability of the Fonds towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

14. SUBSEQUENT EVENT

Following the tabling, in January 2001, of Québec's science and innovation policy, the Fonds' new mission will be to develop the entire field of health research. Consequently, the appropriations devoted to the Fonds' different programs should be readjusted.

MANAGEMENT'S REPORT

The financial statements of the Fonds de la recherche en santé du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies in Canada that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Fonds recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the finance committee, whose members are not part of management. The finance committee meets with management and the auditor, reviews the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Fonds's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the finance committee to discuss any element concerning his audit.

Michel Bureau
President/Acting Director General

Claude Brouillette
Director, Administrative Services

Montréal, May 31, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fonds de la recherche en santé du Québec as at March 31, 2001, and the statements of revenue and expenditure and of surplus for the year then ended. These financial statements are the responsibility of the Fonds' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fonds as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 31, 2001

FONDS DES CAUTIONNEMENTS DES AGENTS DE VOYAGES
(R.S.Q., c. A-10)

INDIVIDUAL SECURITY
INVESTMENT REVENUE AND BALANCE TO BE PAID INTO THE CONSOLIDATED REVENUE FUND
for the fiscal year ended March 31, 2001

	2001	2000
OPENING BALANCE	$121 032	$50 358
Investment revenue	113 686	121 032
Remittance to the Consolidated Revenue Fund	(121 032)	(50 358)
CLOSING BALANCE	$113 686	$121 032

COLLECTIVE SECURITY

REVENUE AND EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 2001

	2001			2000
	Retailers	Wholesalers	Total	Total
Investment revenue	$414 984	$57 103	$472 087	$661 781
Cancelled contributions	5 785	20 000	25 785	14 119
	420 769	77 103	497 872	675 900
Claims and trust charges (Note 3)	115 271	55 020	170 291	445 890
Administrative expenses – Gouvernement du Québec	35 348	14 017	49 365	37 015
	150 619	69 037	219 656	482 905
NET REVENUE	270 150	8 066	278 216	192 995
SURPLUS (DEFICIT), BEGINNING OF YEAR	700 769	(2 044 822)	(1 344 053)	(1 537 048)
SURPLUS (DEFICIT), END OF YEAR	$970 919	$(2 036 756)	$(1 065 837)	$(1 344 053)

FONDS DES CAUTIONNEMENTS DES AGENTS DE VOYAGES

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
INDIVIDUAL SECURITY		
Current assets		
Cash on hand	$38 828	$24 165
Demand deposits in the General Fund of the Caisse de dépôts et placement du Québec – at cost	300 420	300 949
Investment revenue receivable	6 993	27 958
Bonds on deposit (Note 4) (realizable value: 2001: $82 608; 2000: $78 608)	81 000	79 000
Advance – Collective security	20 000	
	447 241	432 072
Bonds on deposit (Note 4) **(realizable value: 2001: $192 866; 2000: $222 171)**	184 000	216 000
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec (Note 5)	1 077 166	945 401
	$1 708 407	$1 593 473
COLLECTIVE SECURITY		
Current assets		
Cash on hand	$59 641	$75 787
Demand deposits in the General Fund of the Caisse de dépôts et placement du Québec – at cost	361 794	444 125
Investment revenue receivable	27 614	133 020
Accounts receivable	91 500	224 768
	540 549	877 700
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec (Note 5)	4 388 245	4 088 875
	$4 928 794	$4 966 575

Nicole Fontaine
President of the Office de la
protection du consommateur

FONDS DES CAUTIONNEMENTS DES AGENTS DE VOYAGES

BALANCE SHEET (cont'd)
as at March 31, 2001

	2001	2000
LIABILITIES		
INDIVIDUAL SECURITY		
Current liabilities		
Balance of investment revenue to be paid into the Consolidated Revenue Fund	$113 686	$121 032
Individual security of travel agents (Note 6)	1 594 721	1 472 441
	$1 708 407	$1 593 473
COLLECTIVE SECURITY		
Current liabilities		
Claims and charges payable		$406 208
Owed – Individual security	$20 000	
Basic contributions (Note 7)	5 974 631	5 904 420
	5 994 631	6 310 628
DEFICIT	(1 065 837)	(1 344 053)
	$4 928 794	$4 966 575

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. COMPOSITION AND OPERATION

The Travel Agents' Individual and Collective Security Funds consist of security in amounts determined by Government regulation under the Travel Agents Act (R.S.Q., c. A-10), and they are administered by the President of the Office de la protection du consommateur. The purpose of the security is to guarantee compliance with the Act and its regulations.

Investment revenue earned from cash deposited as individual security is paid into the Consolidated Revenue Fund. Interest coupons attached to bonds held on deposit remain the depositor's property and are returned to the depositor on request.

2. ACCOUNTING POLICIES

The Funds' financial statements were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best judgments and estimates. The statement of cash flows is not shown as it would not provide any useful supplementary information regarding the Funds' cash flows during the year.

Bonds on deposit

Bonds deposited as individual security are shown at par value.

Participation deposits in the General Fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at acquisition cost.

Administrative expenses

Administrative expenses, except those pertaining to investment, collection and disbursement activities and to fund operation accounting, are borne by the Gouvernement du Québec and are not charged to the Travel Agents' Security Funds.

3. CLAIMS AND TRUST CHARGES

During the fiscal year, the Fund disbursed $189 979 (2000: $604 775) to pay for claims and trust charges. Disbursed amounts not used by trustees are repaid to the Fund. These recoveries and the amounts receivable by trustees, estimated at the end of the year, are shown deducted from expenditure.

4. BONDS ON DEPOSIT

Acquisitions during the fiscal year amounted to $49 000 (2000: $10 000) and disposals to $79 000 (2000: $92 000).

4. PARTICIPATION DEPOSITS IN THE GENERAL FUND OF THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

Participation deposits in the General Fund of the Caisse de dépôt et placement du Québec are expressed in units and each unit gives the holder a proportional share in the net equity and the net revenue of the General Fund. Units may be refunded with prior notice in accordance with the terms of payment of the Caisse at the market value of the net equity of the General Fund at the end of each month.

5. PARTICIPATION DEPOSITS IN THE GENERAL FUND OF THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (cont'd)

	2001			2000
	Individual security	Collective security	Total	Total
Number of units	1 103	5 076	6 179	5 750
Cost of units	$1 077 166	$4 388 245	$5 465 411	$5 034 276
Market value of units at March 31	$1 005 943	$4 629 344	$5 635 287	$5 984 004
Market value per unit at March 31	$912	$912	$912	$1 041

During the fiscal year, acquisitions of individual security amounted to $131 765 (2000: $543 031), and there were no disposals for the last two fiscal years.

During the fiscal year, acquisitions of collective security amounted to $299 370 (2000: $327 473). For the same period, there were no disposals (2000: $564 120). There was no gain on the disposal of units of participation deposits (2000: $81 795).

6. INDIVIDUAL SECURITY OF TRAVEL AGENTS

	2001	2000
Opening balance	$1 472 441	$1 669 726
Security deposited	269 000	221 027
Interest encashed	650	
	1 742 091	1 890 753
Claims and trust fees		(2 312)
Security refunded	(52 370)	(356 000)
Bonds returned and replaced by Individual guarantee policies	(95 000)	(60 000)
	(147 370)	(418 312)
Closing balance	$1 594 721	$1 472 441

Security provided by travel agents in the form of individual guarantee policies is estimated at $29 600 000 with $26 430 000 having a valid permit as at March 31, 2001 ($26 400 000 as at March 31, 2000). This estimate includes guarantee policies from agencies that have ceased operations within the last two years and are thus still liable for claims.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

7. BASIC CONTRIBUTIONS - COLLECTIVE SECURITY

	2001	2000
Retailers:		
Opening balance	$3 479 378	$3 260 388
Contributions received	285 855	325 454
Contributions refunded	(184 859)	(103 999)
Cancelled contributions transferred to revenue	(5 785)	(2 465)
Closing balance	3 574 589	3 479 378
Wholesalers:		
Opening balance	2 425 042	2 444 196
Contributions received	159 750	177 500
Contributions refunded	(164 750)	(185 000)
Cancelled contributions transferred to revenue	(20 000)	(11 654)
Closing balance	2 400 042	2 425 042
Closing balance – retailers and wholesalers	$5 974 631	$5 904 420

8. RELATED PARTY TRANSACTIONS

In addition to the transactions with the Consolidated Revenue Fund disclosed in its financial statements and recorded at exchange value, the Fund is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fund did not carry out any business transactions with these related parties other than during the normal course of its activities and under normal business conditions. These transactions are not shown separately in the financial statements.

FONDS DES CAUTIONNEMENTS DES AGENTS DE VOYAGES

MANAGEMENT'S REPORT

The financial statements of the Travel Agents' Security Funds were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgments included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare accurate financial statements.

The Funds' management recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Fund's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with management to discuss any matter concerning his audit.

André Derome

Québec, July 5, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Travel Agents' Security Funds as at March 31, 2001 and the statements of investment revenue and balance to be paid into the Consolidated Revenue Fund from the Individual Security Fund and of revenue and expenditure and deficit of the Collective Security Fund for the year then ended. These financial statements are the responsibility of the President of the Office de la protection du consommateur. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of these Funds as at March 31, 2001 and the results of their operations and their cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, July 2, 2001

FONDS D'INDEMNISATION DU COURTAGE IMMOBILIER
(R.S.Q., c. C-73.1)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended December 31, 2000

	2000	1999
REVENUE		
Dues	$188 560	$186 420
Investment income	235 010	211 599
	423 570	398 019
EXPENDITURE		
Indemnities (Note 4)	(42 562)	48 985
Management fees	72 000	72 000
Professional fees	15 990	11 782
Travel and accommodation expenses	11 385	4 128
Directors' fees	10 456	1 324
Publications	5 487	5 527
Office expenses	29 393	8 138
	102 149	151 884
EXCESS OF REVENUE OVER EXPENDITURE	321 421	246 135
SURPLUS, BEGINNING OF YEAR	3 671 301	3 425 166
SURPLUS, END OF YEAR	$3 992 722	$3 671 301

FONDS D'INDEMNISATION DU COURTAGE IMMOBILIER

BALANCE SHEET
as at December 31, 2000

	2000	1999
ASSETS		
Current assets		
Cash on hand	$18 651	$129 168
Investments (Note 3)	3 960 140	3 561 264
Accounts receivable	155 572	172 283
Accrued interest	70 528	69 091
Prepaid expenses	1 372	1 355
	$4 206 263	$3 933 161
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$32 011	$22 433
Revenue collected in advance	148 430	152 040
Allowance for indemnities	33 100	87 387
	213 541	261 860
SURPLUS (Note 5)	3 992 722	3 671 301
	$4 206 263	$3 933 161

On behalf of the Board of Directors,
Serge Allard, President
Lise Légaré, Treasurer

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

---

1. CONSTITUTION AND PURPOSE

The Fonds d'indemnisation du courtage immobilier was established under the Real Estate Brokerage Act (R.S.Q., c. C-73.1). Its purpose is to administer a fund to guarantee the liability that may be incurred by a broker or an agent owing to fraud, dishonest transaction, or misappropriation of funds or other property that must be held in a trust account.

The Fonds is constituted, in part, of dues paid by members of the Association des courtiers et agents immobiliers du Québec.

2. ACCOUNTING POLICIES

The financial statements of the Fonds were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgements. The statement of financial position is not shown as it would not provide any useful supplementary information regarding the Fonds' cash flow during the year.

Investments

Bonds are entered at amortized cost. Discounts and premiums are amortized according to the straight-line method over the remaining term of each bond certificate. Amortization of bond discounts and premiums is entered as investment income.

3. INVESTMENTS

As at December 31, 2000, the market value of investments is $4 087 375 (December 31, 1999: $3 567 605). These investments bear interest at rates varying between 5.2% and 9.5%.

4. PROVISION FOR CLAIMS

The Fonds' policy is, on receiving a duly sworn claim, to provide for the amount claimed up to $15 000 and to maintain the provision until the final decision of the Fonds's board of directors.

This year, four claims were paid for a total of $11 725.

	2000	1999
Opening balance	$87 387	$49 403
Payments for the year	11 725	11 001
	75 662	38 402
Provision for claim for the year	20 600	72 387
Cancellation of claims from past years	(63 162)	(23 402)
	(42 562)	48 985
Closing balance	$33 100	$87 387

5. SURPLUS

Pursuant to the Regulation respecting the Fonds d'indemnisation du courtage immobilier, the Minister responsible for the administration of the Real Estate Brokerage Act may authorize the Fonds' board of directors to utilize, under certain conditions, interest yielded on the sums of money constituting the Fonds for purposes related to brokerage and promoting public protection. As at December 31, 2000, the surplus, which includes all interest earned since the establishment of the Fonds, amounts to $1 745 965 (December 31, 1999: $1 510 955).

6. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Fonds is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fonds did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

MANAGEMENT'S REPORT

The financial statements of the Fonds d'indemnisation du courtage immobilier were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Fonds recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Fonds' financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Claude Barsalou
Fund Secretary

Vo-Long Truong
Fund Comptroller

Montréal, March 13, 2001

FONDS D'INDEMNISATION DU COURTAGE IMMOBILIER

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fonds d'indemnisation du courtage immobilier as at December 31, 2000, and the statement of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Fonds' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fonds as at December 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, March 13, 2001

FONDS NATIONAL DE FORMATION DE LA MAIN-D'ŒUVRE
(R.S.Q., c. D-7.1)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
REVENUE		
Employer contributions (Note 3)	39 533	43 255
Fees and charges	767	671
Interest	3 499	1 834
	43 799	45 760
EXPENDITURE		
Subsidies to employers	22 792	10 790
Management fees (Note 4)	4 425	3 873
Promotion and advertising	170	75
Contribution collection fees	633	617
Depreciation of fixed assets	2	
Amortization of deferred expenses	124	124
	28 146	15 479
EXCESS OF REVENUE OVER EXPENDITURE	15 653	30 281
SURPLUS, BEGINNING OF YEAR	73 229	42 948
SURPLUS, END OF YEAR	88 882	73 229

FONDS NATIONAL DE FORMATION DE LA MAIN-D'OEUVRE

BALANCE SHEET
as at March 31, 2001
(in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Advance from the Consolidated Revenue Fund (Note 5)	67 715	53 631
Employer contributions receivable	24 224	20 615
Accounts receivable (Note 6)	1 298	694
	93 237	74 940
Fixed assets (Note 7)	15	
Deferred expenses	155	279
	93 407	75 219
LIABILITIES		
Current liabilities		
Accounts payable and accruals	4 525	1 990
SURPLUS	88 882	73 229
	93 407	75 219

COMMITMENTS (Note 8)

Yvon Boudreau
Associate Deputy Minister - Emploi-Québec

André Trudeau
Deputy Minister
Ministère de l'Emploi et de la Solidarité sociale

NOTES TO FINANCIAL STATEMENTS
March 31, 2001
(in thousands of dollars)

1. CONSTITUTION AND PURPOSE

The Fonds national de formation de la main-d'oeuvre was established under the Act to foster the development of manpower training (R.S.Q., c. D-7.1). Its purpose is to promote and support measures and initiatives related to manpower training.

2. ACCOUNTING POLICIES

The Fonds' financial statements were prepared in accordance with generally accepted accounting principles. These statements include amounts based on best judgements and estimates. The cash flow statement is not shown as it would not provide any useful supplementary information regarding the Fonds' cash position during the year.

Employer contributions

Under the Act to foster the development of manpower training, employers are required to pay a contribution to the Fonds national de formation de la main-d'oeuvre, corresponding to the difference between the minimum participation and eligible training expenditures for the calendar year. These employer contributions, which are collected by the Minister of Revenue on behalf of the Fonds, are recorded on the basis of the amount reported by the employers for the preceding calendar year and are subject to audit and adjustment. Where applicable, adjustments are posted to employer contribution revenue during the fiscal year in which they are known.

Employer subsidies

Subsidies related to the resource allocation plan of the Fonds national de formation de la main-d'oeuvre are recorded when they are authorized by the Fonds and when employers have met the eligibility criteria defined in the agreements, where applicable.

Fixed assets

Fixed assets are recorded at acquisition cost and amortized using the straight-line method over a period of:

Data processing equipment	3 years

Deferred expenses

The cost of implementing systems for collecting employer contributions are recorded at cost and amortized using the straight-line method at an annual rate of 20%.

3. EMPLOYER CONTRIBUTIONS

Revenues related to employer contributions break down as follows:

	2001	2000
Amount declared for the year	23 976	20 615
Amount related to previous years	15 557	22 640
	39 533	43 255

4. MANAGEMENT FEES

As stipulated in the Act to foster the development of manpower training, the Commission des partenaires du marché du travail restricted the amounts that could be taken from the Fund for remuneration and expenses related to fringe benefits and other working conditions of employees involved in the application of chapters II and III of the Act. The amounts correspond to the salaries and fringe benefits of 75 FTEs for the fiscal year ended March 31, 2001 (65 in 2000). The sum recorded to the statement of revenue and expenditure and surplus were established based on the average cost of staff involved in the application of chapters II and III of the Act. These individuals are responsible for the information, promotion and enforcement of the Act and its regulations and for the administration of the Fund.

Management fees received free of charge from the Ministère de l'Emploi et de la Solidarité sociale are not presented in the Fund's financial statements.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

5. ADVANCE FROM THE CONSOLIDATED REVENUE FUND

The advance bears interest at the reduced preferential bank rate of 2.5% and includes no terms and conditions governing reimbursement.

6. ACCOUNTS RECEIVABLE

	2001	2000
Interest receivable – Consolidated Revenue Fund	836	573
Labour Market Development Fund	459	118
Other	3	3
	1 298	694

7. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Data processing equipment	17	2	15	

8. COMMITMENTS

In addition to the employer subsidies recorded during the fiscal year, on March 31, 2001, the Fund is committed to paying them $11 935 591. This amount will be recorded when the eligibility criteria indicated in the agreement have been met.

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Fonds is a related party to all departments, special funds, agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fonds did not carry out any business transactions with these related parties other than during the normal course of its activities and under normal business conditions. These transactions are not shown separately in the financial statements.

FONDS NATIONAL DE FORMATION DE LA MAIN-D'OEUVRE

MANAGEMENT'S REPORT

The financial statements of the Fonds national de formation de la main-d'oeuvre were drawn up by the management, who is responsible for their preparation and presentation, including estimations and important decisions. This responsibility includes the choice of the accounting policies that comply with generally accepted accounting principles.

To fulfil its responsibilities, the management maintains an internal accounting control system designed to give reasonable assurance that the assets are protected and that the operations are correctly accounted for in a timely manner, that they are duly approved, and that they can be used to prepare accurate financial statements.

The Fonds' management recognizes that it is responsible for conducting its affairs in accordance with the rules and regulations that govern it.

The Auditor General of Québec has conducted an audit of Fonds' financial statements, in accordance with the generally accepted auditing standards and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the Fonds' management to discuss any element concerning his audit.

Yvon Boudreau
Associate Deputy Minister - Emploi-Québec

André Trudeau
Deputy Minister
Ministère de l'Emploi et de la Solidarité sociale

Québec, August 31, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fonds national de formation de la main-d'oeuvre as at March 31, 2001 and the statement of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Fonds' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements presents fairly, in all material respects, the financial position of the Fonds as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding fiscal year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, August 31, 2001

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE
(R.S.Q., c. M-19.1.2)

APPLICATION OF SUBSIDIES AND SURPLUS
for the year ended May 31, 2001

	2001	2000
SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC AND OTHER AGENCIES (Note 3)		
Research grants	$39 272 398	$33 984 259
Scholarships	26 172 216	17 769 473
Operating expenses of the Fonds	3 787 947	2 875 967
	69 232 561	54 629 699
INTEREST AND OTHER REVENUE	349 153	552 930
	69 581 714	55 182 629
GRANTS AND SCHOLARSHIPS AWARDED		
Research grants	39 272 398	33 984 259
Scholarships	26 172 216	17 769 473
	65 444 614	51 753 732
	4 137 100	3 428 897
OPERATING EXPENSES (Note 4)	3 883 371	3 462 179
SURPLUS (DEFICIT) FOR THE YEAR	253 729	(33 282)
SURPLUS, BEGINNING OF YEAR	2 119 851	2 153 133
SURPLUS, END OF YEAR	$2 373 580	$2 119 851

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE

BALANCE SHEET
as at May 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$812 480	$280 814
Accrued interest	39 881	33 574
Subsidies and other accounts receivable	2 284 516	3 430 975
Prepaid expenses	8 087 152	6 535 080
	11 224 029	10 280 443
Sums held on behalf of granting agencies (Note 5)	5 662 108	4 898 283
Fixed assets (Note 6)	327 501	240 714
	$17 213 638	$15 419 440
LIABILITIES		
Current liabilities		
Grants payable	$1 536 290	$1 782 292
Accounts payable et accruals	474 637	519 886
Deferred subsidies from agencies	1 395 869	1 445 706
Deferred Government subsidies	5 746 589	4 630 997
	9 153 385	8 378 881
Amounts payable on behalf of granting agencies (note 5)	5 686 673	4 920 708
	14 840 058	13 299 589
SURPLUS	2 373 580	2 119 851
	$17 213 638	$15 419 440

COMMITMENTS (Note 7)
SUBSEQUENT EVENT (Note 10)

On behalf of the Board of Directors,
Sylvie Dillard
Yves Giroux

NOTES TO FINANCIAL STATEMENTS
May 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Fonds pour la formation de chercheurs et l'aide à la recherche was established under the Act to promote the advancement of science and technology in Québec (R.S.Q., c. D-9.1). Its purpose is to promote or provide financial support, through grants and scholarships, for research carried out in postsecondary educational institutions; for the work of researchers who are not affiliated with any postsecondary educational institution; for the diffusion of scientific knowledge in all fields of research; and for the training of researchers by granting achievement scholarships to graduate and postgraduate students and to those who wish to re-enter the research community, as well as professional improvement scholarships. In addition, the Fonds implements the financial support programs that are under its authority pursuant to another Act or, with the authorization of the Government and on conditions it determines, the financial support programs under the authority of a Government department or public agency.

2. ACCOUNTING POLICIES

The financial statements of the Fonds were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The statement of changes in financial position is not shown, as it would not provide any useful supplementary information regarding the Fonds' cash flow during the year.

Grants and Scholarships Awarded

Grants and scholarships awarded are recorded in the period for which they are granted and when the criteria are met.

Fixed Assets

Fixed assets are recorded at cost and amortized over the duration of their service life using the straight-line method at the following rates:

	Rate
Office furniture	20%
Data processing equipment	33 1/3%
Leasehold improvements	20%

3. SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC AND OTHER AGENCIES

	2001	2000
Ministère de la Recherche, de la Science et de laTechnologie:		
Research grants	$36 382 441	$31 833 429
Scholarships	26 172 216	17 769 473
Operating expenses of the Fonds	3 320 180	2 446 700
	65 874 837	52 049 602
Other departments and agencies:		
Research grants	2 889 957	2 150 830
Operating expenses of the Fonds	467 767	429 267
	3 357 724	2 580 097
	$69 232 561	$54 629 699

NOTES TO FINANCIAL STATEMENTS (cont'd)
May 31, 2001

---

4. OPERATING EXPENSES OF THE FONDS

	2001	2000
Salaries and fringe benefits	$2 533 351	$2 272 193
Travelling accommodation expenses of committee members	73 162	109 537
Transportation and communications	221 996	226 894
Professional, administrative and other services	452 326	349 904
Rent and business taxes	191 829	146 558
Maintenance and repairs	103 177	81 349
Office expenses	26 239	22 448
Depreciation of fixed assets	261 291	253 296
Bad debts	20 000	
	$3 883 371	$3 462 179

5. SUMS HELD ON BEHALF OF GRANTING AGENCIES

Under agreements entered into with a few agencies, the Fonds assumes certain operations related to the allocation of research grants in specific fields. The Fonds acts solely as intermediary by providing expertise in this matter. Except for management fees, these operations are not shown in the Fonds' operating results.

The operations assumed under these agreements are as follows:

	Research fields			
	Environment	Highway safety	Optical development	Total
Opening balance	$4 536 840	$383 868		$4 920 708
Increase				
Encashments for the year			$2 666 000	2 666 000
Interest on bank deposits	227 342		58 194	285 536
	4 764 182	383 868	2 724 194	7 872 244
Decrease				
Research grants	1 842 988	132 587		1 975 575
Repayments to agencies		123 346		123 346
Management fees deposited in the Fonds	20 000		66 650	86 650
	1 862 988	255 933	66 650	2 185 571
Closing balance	$2 901 194	$127 935	$2 657 544	$5 686 673

These amounts break down as follows:

Amounts held for subsidizing agencies - cash	$5 662 108
Accrued interest	24 565
	$5 686 673

NOTES TO FINANCIAL STATEMENTS (cont'd)
May 31, 2001

6. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Office furniture	$167 659	$134 879	$32 780	$42 582
Data processing equipment	1 382 135	1 104 988	277 147	171 560
Leasehold improvements	81 496	63 922	17 574	26 572
	$1 631 290	$1 303 789	$327 501	$240 714

Acquisitions for the fiscal year totalled $348 078 (2000 – $218 853) and the proceeds from fully amortized dispositions totalled $2 310.

7. COMMITMENTS

a. Grants and scholarships

As at May 31, 2001, Fonds commitments amount to $34 517 488 for grants and $52 482 039 for scholarships. Whether these grants and scholarships are awarded depends on the appropriations allotted by Parliament.

b. Long-term lease

The Fonds is committed to a long-term lease for office space expiring October 31, 2010. This lease does not include a renewal option.

Minimum future payments for coming years include a share of the lessor's operating expenses. This share has been set until October 31, 2010. As of November 1, 2005, it will be increased according to the consumer price index. The minimum lease payments for the coming years are as follows:

2002	$160 476
2003	160 476
2004	160 476
2005	160 476
2006	160 476
2007 and thereafter	708 773
	$1 511 153

8. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Fonds is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fonds did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

9. FUTURE FRINGE BENEFITS

Pension plan

The supplemental pension plan for staff members of the Fonds pour la formation de chercheurs et l'aide à la recherche is a defined contribution plan. The liability of the Fonds towards this plan is restricted to its contributions as an employer. This plan will not pay benefits in excess of available funds.

9. FUTURE FRINGE BENEFITS (cont'd)

Pension plan (cont'd)

Contributions charged to the year-end statement amount to $75 046 (2000: $75 032) and represent current service pension costs.

Vacation time

The expenses related to vacation time detail as follows:

	2001	2000
Opening balance	$186 542	$180 574
Vacation time earned during the year	158 446	139 683
Vacation time paid during the year	(139 683)	(133 715)
Closing balance	$205 305	$186 542

10. SUBSEQUENT EVENT

On June 21, 2001, the Act to amend the Act respecting the Ministère de la Recherche, de la Science et de la Technologie (2001, c. 28) was assented to. Under this Act, the Fonds québécois de la recherche sur la nature et les technologies replaces the Fonds pour la formation de chercheurs et l'aide à la recherche and takes on its rights and obligations, subject to the rights and obligations related to the functions assigned the Fonds de la recherche en santé du Québec or the Fonds québécois de la recherche sur la société de la culture.

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE

MANAGEMENT'S REPORT

The financial statements of the Fonds pour la formation de chercheurs et l'aide à la recherche were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Fond recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Board of Directors must oversee how management assumes its responsibilities regarding financial information and has approved of the financial statements.

The Auditor General of Québec has conducted an audit of Fonds' financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

Sylvie Dillard
President and Chief Executive Officer

Lucie Girard
Director of Administration and Evaluation

Québec, September 13, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Fonds pour la formation de chercheurs et l'aide à la recherche as at May 31, 2001 and the statements of application of subsidies and surplus for the year then ended. These financial statements are the responsibility of the Fonds' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fonds as at May 31, 2001, and the application of subsidies and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, September 13, 2001

GRANDE BIBLIOTHÈQUE DU QUÉBEC
(R.S.Q., c. G-3)

INCOME AND CHANGES IN NET ASSETS
for the year ended March 31, 2001

	2001			2000
	General Fund	Fixed assets Fund	Total	Total
REVENUE				
Subsidy from the Gouvernement du Québec	$3 584 325		$3 584 325	$2 044 400
Interest on bank deposits	113 485		113 485	35 559
	3 697 810		3 697 810	2 079 959
EXPENDITURE				
Salaries and fringe benefits	1 433 991		1 433 991	845 227
Professional, administrative and other services	428 767		428 767	295 901
Rent	103 309		103 309	97 415
Transportation and communications	245 812		245 812	149 551
Furniture and supplies	104 341		104 341	72 156
Depreciation of fixed assets		$90 942	90 942	51 397
	2 316 220	90 942	2 407 162	1 511 647
EXCESS OF REVENUE OVER EXPENDITURE	1 381 590	(90 942)	1 290 648	568 312
OPENING BALANCE OF NET ASSETS	802 406	168 906	971 312	398 269
Adjustment (Note 4)	(5 536)		(5 536)	(805)
ADJUSTED BALANCE	796 870	168 906	965 776	397 464
Interfund contributions (Note 5)	(153 162)	153 162		
	643 708	322 068	965 776	397 464
CLOSING BALANCE OF NET ASSETS	$2 025 298	$231 126	$2 256 424	$965 776

GRANDE BIBLIOTHÈQUE DU QUÉBEC

BALANCE SHEET
March 31, 2001

	2001			2000
	General Fund	Fixed assets Fund	Total	Total
ASSETS				
Current assets				
Cash on hand	$377 042	$372 329	$749 371	$930 581
Short-term investment (Note 6)	1 793 034		1 793 034	
Gouvernement du Québec subsidy receivable				29 800
Accounts receivable	15 104	7 904	23 008	1 000
Interfund accounts receivable, interest-free, no terms of repayment	232 702			
Prepaid assets	24 218	2 973	27 191	12 019
	2 442 100	383 206	2 592 604	973 400
Fixed assets (Note 7)		10 727 697	10 727 697	259 454
	$2 442 100	$11 110 903	$13 320 301	$1 232 854
LIABILITIES				
Current liabilities				
Accounts payable and accruals	$293 725	$65 336	$359 061	$200 744
Provision for vacation time	105 584		105 584	60 798
Interfund accounts receivable, interest-free, no terms of repayment		232 702		
	399 309	298 038	464 645	261 542
Provision for sick leave	17 493		17 493	5 536
Long-term debt (Note 8)		10 581 739	10 581 739	
	416 802	10 879 777	11 063 877	267 078
NET ASSETS	2 025 298	231 126	2 256 424	965 776
	$2 442 100	$11 110 903	$13 320 301	$1 232 854

COMMITMENTS (Note 11)
SUBSEQUENT EVENT (Note 12)

On behalf of the Board of Directors,
Lise Bissonnette
Jacques Desautels

GRANDE BIBLIOTHÈQUE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The mission of the Grande bibliothèque du Québec, established by the Act respecting the Grande bibliothèque du Québec (S.Q., 1998, c. 38), is to offer democratic access to culture and knowledge and, in this respect, to act as a catalyst where Québec documentary institutions are concerned.

2. FUND PURPOSE

The Operating Fund presents the Grande bibliothèque du Québec's current operations. The Fixed Assets Fund presents the assets, liabilities and operations related to fixed assets.

3. ACCOUNTING POLICIES

The financial statements of the Grande bibliothèque were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The statement of changes in financial position is not shown as it would not provide any useful supplementary information regarding the cash flow during the year.

Recording of subsidies

Subsidies are recorded as revenue in the fiscal year in which the related expenses were incurred.

Short-term investment

The short-term investment is recorded at cost of the market value, whichever is lower.

Fixed assets

Fixed assets are recorded at acquisition cost

The fixed assets used for operations are amortized over the duration of their service life according to the straight-line method as follows:

Furniture and equipment	Duration remaining until September 30, 2003 (1)
Data processing equipment	The lesser of: 3 years or the duration remaining Until September 30, 2003 (1)
Leasehold improvements	The duration foreseen for the use of rented offices

(1) The furniture and equipment acquired during the Grande bibliothèque start-up will cease being used when it opens publicly, i.e. October 1, 2003.

The cost of construction under way includes materials, direct labour, direct expenses and short-term financing fees during the work.

Pension plan

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Grand bibliothèque lacks sufficient information to apply the accounting procedure for defined benefit plans.

4. CHANGE IN ACCOUNTING POLICY

The obligations resulting from the sick leave accumulated by Grand bibliothèque employees are recorded to liabilities under Accounts payable and accruals. The annual variation in these liabilities is posted to expenditures for the year. Formerly, these expenses were recorded under operations in the fiscal year in which the employees used their holidays.

4. CHANGE IN ACCOUNTING POLICY (cont'd)

The retroactive application of this change increases (decreases) the following items of the financial statements:

General Fund	2001	2000
Expenditure		
Salaries and fringe benefits	$11 957	$4 731
Excess of revenue over expenditure	(11 957)	(4 731)
Balance sheet		
Accounts payable and accruals	17 493	5 536
Net assets	(17 493)	(5 536)

5. INTERFUND CONTRIBUTIONS

An amount of $153 162 ($109 986 in 2000) was transferred from the Operating Fund to the Fixed Assets Fund to finance the acquisition of fixed assets.

6. OPERATING FUND – SHORT-TERM INVESTMENTS

The short-term investment comprises a bank acceptance maturing on April 24, 2001, whose rate of return is 4.89%.

7. FIXED ASSETS FUND – FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Land	$8 481 176		$8 481 176	
Construction in progress	2 015 395		2 015 395	$90 548
Furniture and equipment	114 049	$35 601	78 448	57 644
Data processing equipment	216 616	84 325	132 291	97 411
Leasehold improvements	59 414	39 027	20 387	13 851
	$10 886 650	$158 953	$10 727 697	$259 454

On January 19, 2000, the Grande Bibliothèque received authorization from the Gouvernement du Québec to acquire the Palais du Commerce site in order to build an immovable of 33 000 square feet. The total estimated cost of this project was $90 636 310 excluding short-term financing charges. At March 31, 2001, no short-term loan had been contracted. Cumulated costs as at March 31, 2001 totalled $10 390 215 and break down as follows:

	Costs	Short-term financing charges	Total costs
Construction in progress	$1 874 332	$34 707	$1 909 039
Land	8 481 176		8 481 176
	$10 355 508	$34 707	$10 390 215

7. FIXED ASSETS FUND – FIXED ASSETS (cont'd)

On July 26, 2000, the Grande bibliothèque was authorized by the Gouvernement du Québec to build a 440-space parking lot. The total projected cost for the project is $8 000 000 excluding short-term financing charges. The cumulated costs at March 31, 2001 totalled $106 356 are broke down as follows:

	Costs	Short-term financing charges	Total costs
Construction in progress	$106 356		$106 356

Acquisitions for the year totalled $10 559 185 (2000: $200 534).

8. FIXED ASSETS FUND – LONG-TERM DEBT

Short-term borrowings from the Financing Fund of the Gouvernement du Québec	
Interest rate of 6.26542%	$700 000
Interest rate of 4.61673%	750 000
Suppliers and accruals	657 930
Property purchase price payable	8 473 809
	$10 581 739

The short-term borrowings from the Financing Fund of the Gouvernement du Québec, the amounts payable and their accruals related to fixed assets projects under way are considered as long-term debts, given that their repayment is expected to come from long-term financing.

The Grande bibliothèque borrows the amounts needed for the construction and development of the building and implementation of equipment needed to fulfil its mission from the Financing Fund of the Gouvernement du Québec. The Gouvernement du Québec authorized the Grande bibliothèque to finance this project through short-term borrowings until October 31. 2003. The maximum amount of these borrowing is $90 636 310, for construction of the building, and $8 000 000 for construction of the parking lot, in addition to the interest payable in these borrowings. The Gouvernement du Québec is committed to paying the Grande bibliothèque the amounts required to cover obligations should the Grande bibliothèque be unable to meet its obligations related to one of its short-term borrowings.

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Grande bibliothèque is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. Apart from the transaction described above, the Grande bibliothèque did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

The Grande bibliothèque bought the land for the library building from the Société immobilière du Québec. This transaction totalled $8 473 809, posted to fixed. The transaction was measured at its book value, which corresponds to the exchange value. At March 31, 2001, the amount of this transaction was not settled and this amount is shown under liabilities as the purchase price payable.

10. OPERATING FUND – FUTURE FRINGE BENEFITS

Pension plan

The staff members of the Grande bibliothèque participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Grande bibliothèque's contributions charged to the year-end statement amount to $10 872 (2000: $31 995). The liability of the Grande bibliothèque towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 7.95% of the pensionable earning for bargainable employees (6.35% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 5.35% of the pensionable earnings for bargainable employees (1% for participants subject to management exclusion).

Provision for sick leave

	2001	2000
Opening balance	$5 536	$805
Charge for the year	15 754	6 313
Benefits paid during the year	(3 797)	(1 582)
Closing balance	$17 493	$5 536

11. COMMITMENTS

La Grande bibliothèque has made commitments under operating leases ending on different dates until February 26, 2004 for offices and equipment. The expenditure for the fiscal year ended March 31, 2001 for these contracts totalled $96 926. Minimum future payments are as follows:

2002	$54 990
2003	5 580
2004	3 377
	$63 947

The Grande bibliothèque also entered into contracts for professional, administrative and other services. At year-end, these commitments are as follows:

	2001	2000
For current operations	$257 084	$108 310
For fixed assets	5 183 296	838 200
	$5 440 380	$946 510

12. SUBSEQUENT EVENT

Under the Act respecting the Bibliothèque nationale du Québec and amending various legislative provisions (2001, c. 11), assented to June 1, 2001, the Grande bibliothèque and the Bibliothèque nationale du Québec will form a new institution called the Bibliothèque nationale du Québec when this statute takes effect.

13. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

GRANDE BIBLIOTHÈQUE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Grande bibliothèque du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Grande bibliothèque recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities, and it approves the financial statements. It is assisted by the auditing committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Grande bibliothèque's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the auditing committee to discuss any element concerning his audit.

Lise Bissonnette
President and Chief Executive Officer

Monique Goyette
Director, Administration and Internal Services

Montréal, June 1, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Grande bibliothèque du Québec as at March 31, 2001, and the statements of income, and changes in net assets for the year then ended. These financial statements are the responsibility of the Grande bibliothèque's management. My responsibility is to express an opinion on these financial statements based on my audit.

In conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Grande bibliothèque as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in the accounting treatment of sick leave accumulated by employees disclosed in Note 4, these policies were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 1, 2001

HÉMA-QUÉBEC
(R.S.Q., c. H-1.1)

RESULTS AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Subsidy from the Gouvernement du Québec	$173 778 863	$150 232 500
Blood products sold outside Québec	106 339	1 875 135
Interest on bank and other deposits	261 446	307 869
Other revenue	311 004	92 542
	174 457 652	152 508 046
EXPENDITURE (Note 4)	174 457 652	150 792 538
EXCESS OF REVENUE OVER EXPENDITURE		1 715 508
SURPLUS (DEFICIT), BEGINNING OF YEAR	845 204	(870 304)
SURPLUS, END OF YEAR	$845 204	$845 204

HÉMA-QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Term deposit, (4.375%)	$519 486	$906 336
Accounts receivable (Note 5)	1 898 042	3 291 541
Subsidy receivable from the Gouvernement du Québec	12 058 363	5 500 000
Inventory (Note 6)	7 105 503	5 530 521
Prepaid expenses (Note 7)	1 373 775	1 177 588
	22 955 169	16 405 986
Fixed assets (Note 8)	27 486 723	26 142 918
	$50 441 892	$42 548 904
LIABILITIES		
Current liabilities		
Bank overdraft (Note 9)	$8 540 434	$6 767 818
Accounts payable and accruals (Note 10)	13 344 649	13 262 554
Instalment on long-term debt (Note 11)	3 806 290	2 653 971
	25 691 373	22 684 343
Long-term debt (Note 11)	22 213 071	19 019 357
Liability for accrued benefits (Note 12)	1 692 244	
SURPLUS	845 204	845 204
	$50 441 892	$42 548 904

COMMITMENTS (Note 13)

On behalf of the Board of Directors,
Claude Pichette, Director
Cheryl Campbell Steer, Director

HÉMA-QUÉBEC

CASH FLOW
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Receipts –Gouvernement du Québec subsidy	$167 220 500	$148 981 465
Receipts – Blood products sold outside Québec	1 875 135	1 106 103
Receipts – Other revenue	206 934	93 818
Disbursements – Suppliers and remuneration	(170 666 033)	(146 449 533)
Interest earned	258 855	307 869
Interest paid	(1 560 445)	(1 163 701)
Cash flows provided by (used for) operating activities	(2 665 054)	2 876 021
INVESTMENT ACTIVITIES		
Cash flows used for investment activities:		
Acquisition of fixed assets	(3 840 445)	(8 485 274)
FINANCING ACTIVITIES		
Long-term debt	7 410 773	6 085 300
Repayment of the long-term debt	(3 064 740)	(2 197 920)
Cash flows provided by financing activities	4 346 033	3 887 380
DECREASE IN CASH AND CASH EQUIVALENT	(2 159 466)	(1 721 873)
CASH AND CASH EQUIVALENT AT THE BEGINNING	(5 861 482)	(4 139 609)
CASH AND CASH EQUIVALENT AT THE END	$(8 020 948)	$(5 861 482)

Cash and cash equivalents comprise the following:

	2001	2000
Term deposits	$519 486	$906 336
Bank overdraft	(8 540 434)	(6 767 818)
	$(8 020 948)	$(5 861 482)

HÉMA-QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

Héma-Québec, created on March 26, 1998 by virtue of letters patents issued under Part III of the Companies Act (R.S.Q., chapter C-38), continued its existence under the Act respecting Héma-Québec and the Comité d'hémovigilance (S.Q., 1998, chapter 41). Héma-Québec is a non-profit legal person whose mission is to provide Québec health and social services establishments and the population with a sufficient supply of blood, blood products and blood constituents.

2. ACCOUNTING POLICIES

The financial statements of Héma-Québec were prepared by management in accordance with generally accepted accounting principle in Canada. These statements include amounts based on best estimates and judgements.

Inventory

The inventory of breakdown products, collection and laboratory equipment is valuated at cost or replacement value, whichever is lower, the cost being determined using the first in, first out method.

Fixed Assets

Fixed assets are recorded at cost and depreciated over their useful life according to the diminishing balance method at the following rates:

Building	4%
Physical improvements	5%
Leasehold improvement	Duration of the lease
Automotive equipment	33 1/3%
Machinery and equipment	10% and 20%
Office furniture and equipment	33 1/3%
Data processing equipment	33 1/3%
Software	20%
Intangible assets	10%

Employee fringe benefits plans

Héma-Québec records its obligations resulting from employee fringe benefit plans and related costs, minus plan assets. To do so, Héma-Québec has adopted the following accounting policies:

The cost of pension benefits and complementary pension benefits earned by employees is determined using actuarial calculations according to the method of benefits prorated to services, based on management's most probable assumptions regarding the plan investments' expected rate of return, wage growth, retirement age and anticipated health care costs.

For the purposes of calculating the expected rate of return of plan assets, assets are evaluated at their fair value.

The provisional obligation is amortized over the average remaining duration of activity of active employees, which is 17 years for the pension plan and 13 years for the complementary pension benefit plan.

Cash and cash equivalents

Héma-Québec's policy consists in presenting under cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate often between overdraft and available, and short-term investments maturing within three months of their acquisition date.

3. CHANGE IN ACCOUNTING POLICY

Héma-Québec has prospectively adopted the Canadian Institute of Chartered Accountants' new recommendations related to recording pension benefits and other types of future fringe benefits. According to the new recommendations, the cost of complementary pension benefits is recorded on an accrual basis. Formerly, it was posted to results as the amounts were paid. Moreover, the new recommendations require a change on the capitalization rate used to evaluate the obligations related to pension benefits and the cost of current services, which changes from an estimated long-term rate to a market rate.

The prospective adoption of these new recommendations increases (decreases) the following items of the financial statements:

	2001
Accounts payable and accruals – Salaries and fringe benefits	$(901 944)
Liability for accrued benefits	1 692 244
Surplus	(790 300)
Employee benefits	790 300
Excess of revenue over expenditure	(790 300)

4. CHARGES BY RESPONSIBILITY CENTRE

	2001						
	Hiring, marketing and promotion	Procurement	Production	Distribution	Medical services	Medical business	Quality and standards
Salaries	$715 528	$15 786 722	$5 697 047	$3 478 907	$2 046 071	$1 729 552	$652 707
Employee benefits	125 274	2 941 253	1 036 277	641 159	375 286	310 573	103 302
Travelling expenses	81 015	1 504 179	43 546	1 311 182	30 661	75 766	50 589
Medical and Laboratory supplies	5 636	11 986 598	6 994 789	210 409	732 309	376 903	360
Blood products purchases outside Québec			240 806				
Services purchased	296 167	192 497	388 055	41 200	71 393	136 098	41 374
Communications	2 736 715	507 485	30 567	42 905	6 327	10 506	2 211
Automotive equipment charge	112	28 128	12 256	997 727	10 500	21 885	
Equipment rental	8 907	92 787	70 458	693 277	870	15 581	6 223
Rent						53 680	
Taxes							
Office expenses	198 561	464 765	443 770	262 180	186 202	109 644	32 852
Amounts carried forward	$4 167 915	$33 504 414	$14 957 571	$7 678 946	$3 459 619	$2 840 188	$889 618

2001							2000
Research and development	Information technologies	Adminis-tration	Operation of facilities	Subtotal (labile products)	Breakdown	Total	Total
$1 469 521	$1 141 810	$4 512 630	$221 375	$37 451 870		$37 451 870	$30 409 177
253 735	192 783	422 831	41 549	6 444 022	$(390)	6 443 632	5 250 828
68 594	95 544	337 892	8 721	3 607 689		3 607 689	3 207 764
361 558	11 777	3 192	216 957	20 900 488	80 491 756	101 392 244	90 065 508
				240 806		240 806	313 307
45 130	653 847	2 243 401	845 276	4 954 438	1 699 058	6 653 496	5 959 336
1 712	481 867	22 023	9 644	3 851 962	552	3 852 514	3 982 183
350	1 012	58	318	1 072 346	31 189	1 103 535	901 896
8 140	36 187	63 885	37 775	1 034 090		1 034 090	652 633
		37 100	1 607 511	1 698 291		1 698 291	1 232 688
			(43 642)	(43 642)		(43 642)	58 795
83 902	457 624	224 386	802 403	3 266 289	8	3 266 297	2 747 987
$2 292 642	$3 072 451	$7 867 398	$3 747 887	$84 478 649	$82 222 173	$166 700 822	$144 782 102

4. CHARGES BY RESPONSIBILITY CENTRE (cont'd)

	2001						
	Hiring, marketing and promotion	Procurement	Production	Distribution	Medical services	Medical business	Quality and standards
Amounts brought forward	$4 167 915	$33 504 414	$14 957 571	$7 678 946	$3 459 619	$2 840 188	$889 618
Civil liability and professional insurance							
Insurance of property administrators and managers							
Depreciation of fixed assets	56 972	390 848	417 495	172 435	84 199	64 153	37 270
Interest on advance and bank charges							
Interest on long-term debt							
	$4 224 887	$33 895 262	$15 375 066	$7 851 381	$3 543 818	$2 904 341	$926 888
Plasma pour Fractionation *							

* Héma-Québec has two main sectors of activity: labile products and fractionation products. Certain plasma donor fees are incurred for labile products and reallocated to fractionation on the following basis: the number of units transferred is measured at the market price of fractionation plasma in effect during the year. In the fiscal year ending March 31, 2001, $7 456 200 was reallocated from labile products to fractionation, or 172 000 units at $43.35.

2001							2000
Research and development	Information technologies	Adminis-tration	Operation of facilities	Subtotal (labile products)	Breakdown	Total	Total
$2 292 642	$3 072 451	$7 867 398	$3 747 887	$84 478 649	$82 222 173	$166 700 822	$144 782 102
		1 912 506		1 912 506		1 912 506	1 880 141
		76 618		76 618		76 618	61 522
128 460	1 309 915	1 087 226	410 397	4 159 370		4 159 370	2 905 072
		155 606		155 606		155 606	38 370
		1 452 730		1 452 730		1 452 730	1 125 331
$2 421 102	$4 382 366	$12 552 084	$4 158 284	92 235 479	82 222 173	174 457 652	150 792 538
				(7 456 200)	7 456 200		
				$84 779 279	$89 678 373	$174 457 652	$150 792 538

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

5. ACCOUNTS RECEIVABLE

	2001	2000
Clients	$916 639	$1 683 648
Sales taxes	981 403	1 607 893
	$1 898 042	$3 291 541

6. INVENTORY

	2001	2000
Breakdown products	$4 612 452	$2 868 575
Collection equipment	2 195 019	2 207 916
Laboratory equipment	298 032	454 030
	$7 105 503	$5 530 521

7. PREPAID EXPENSES

	2001	2000
Insurance	$411 188	$966 881
Taxes and others	962 587	210 707
	$1 373 775	$1 177 588

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Land	$2 139 500		$2 139 500	$2 139 500
Building *	6 753 918	$340 000	6 413 918	3 196 006
Physical improvements	3 456 909	148 333	3 308 576	2 818 382
Leasehold improvements	665 279	334 036	331 243	474 054
Automotive equipment	384 306	293 635	90 671	179 795
Machinery and equipment	4 922 158	1 203 832	3 718 326	3 851 764
Office furniture and equipment	1 542 366	863 600	678 766	872 070
Data processing equipment	3 518 090	1 643 586	1 874 504	2 253 364
Software	3 104 624	923 405	2 181 219	2 707 983
Intangible assets **	9 000 000	2 250 000	6 750 000	7 650 000
	$35 487 150	$8 000 427	$27 486 723	$26 142 918

* On May 11, 2000, the Gouvernement du Québec authorized the construction of new laboratories at 4045, boulevard Côte-Vertu in Ville St-Laurent, in order to transfer the operations currently located at 3131, rue Sherbrooke Est in Montréal, for a total construction project cost of $17 189 103 including taxes. Project completion is scheduled for May 2002. Costs cumulated to date are $3 353 918 and are included under Building. Amortization of these fixed assets will begin when the project has been completed.

** Intangible assets include data bases for blood product management, copyright, trademarks, the register of unmatched bone marrow donors, rights related to the blood donor program, transfer of operational and regulatory processes and blood product and tissue samples. All of these assets were acquired for a lump sum of $9 000 000 from the Canadian Red Cross Society on September 28, 1998.

9. BANK OVERDRAFT

At March 31, 2001, Héma-Québec had a rotating credit line of $9 500 000 bearing interest at the prime rate plus 0.75%.

10. ACCOUNTS PAYABLE AND ACCRUALS

	2001	2000
Suppliers	$10 395 348	$9 999 845
Salaries and employee benefits	2 949 301	3 262 709
	$13 344 649	$13 262 554

11. LONG-TERM DEBT

	2001	2000
Loan, guaranteed by the land and building, net book value of $5 199 500, repayable in monthly instalments of $36 337, including capital and interest at a fixed rate of 6.19%, renewable in 2008, maturing in 2023	$5 305 586	$5 405 927
Loans repayable in monthly instalments totalling $405 052, including capital and interest at fixed rates varying from 5.16% to 6.82%, maturing between 2001 and 2008	19 181 760	16 267 401
Bridge loan, at a rate of 5.45%, convertible into a variable-rate term loan in May 2002	1 532 015	
	26 019 361	21 673 328
Instalments due within one year	(3 806 290)	(2 653 971)
	$22 213 071	$19 019 357

Payments of principal on long-term debt for the next five years are as follows::

2002	3 806 290	$
2003	5 439 095	
2004	3 940 627	
2005	3 290 811	
2006	1 917 191	

12. FUTURE FRINGE BENEFITS

Héma-Québec has several defined-benefits plans and defined-contribution plans that guarantee most employees of the payment of pension benefits, complementary pension benefits and post-employment benefits.

The total cost to Héma-Québec for this fiscal year for defined-contribution pension plans is $455 200.

---

12. FUTURE FRINGE BENEFITS (cont'd)

The total cost to Héma-Québec for this fiscal year for defined-benefit plans is as follows:

	Pension plan	Other plans	Total
Net costs	$748 600	$1 160 944	$1 909 544

The information on group defined-benefit plans was as follows at March 31, 2001:

	Pension plan	Other plans	Total
Obligations for accrued benefits	$3 370 900	$5 252 944	$8 623 844
Fair value of assets to year-end	3 238 100		3 238 100
Capitalization situation – deficit	132 800	5 252 944	5 385 744
Unamortized provisional obligation	60 500	3 633 000	3 693 500
Liability for accrued benefits	$72 300	$1 619 944	$1 692 244

The significant actuarial assumptions used by Héma-Québec to evaluate its obligations for accrued benefits are as follows:

	Pension plan	Other plans
Capitalization rate	7.00 %	7.00 %
Expected rate of return for plan assets, long-term	7.75	
Remuneration growth rate	4.00	4.00

For evaluation purposes, the assumed annual growth rate for the cost of health care covered per was defined as 10% for the year 2000. According to the assumption used, this rate should gradually decrease to reach 5% in 2010.

The other information for the fiscal year concerning Héma-Québec's defined-benefit plans is as follows:

	Pension plans	Other plans	Total
Contributions paid by Héma-Québec during the year	$676 300		$676 300
Contributions paid by employees during the year	$733 600		$733 600
Benefits paid	$10 060	$376 012	$386 072

Following an agreement entered into and ratified by the Court in 2000, the complementary benefit plan for Héma-Québec employees will receive approximately $4 500 000 from the Red Cross. This sum should be used in keeping with the terms of the agreement ratified by the Court and will be used, among other things, to increase pension benefits and correct shortcomings observed when employees were transferred from the Red Cross to Héma-Québec. The sum was paid into a trust account and will be paid into the plan as soon as the latter has been approved by tax authorities.

13. COMMITMENTS

Héma-Québec committed through long-term leases maturing on various dates up to December 31, 2005 for its operating and administrative expenses, equipment and rolling stock. In some cases, its leases for premises include a five-year renewal option. Héma-Québec is also committed under contracts for the construction of laboratories

Rental costs for the fiscal year ended March 31, 2001 are $1 698 291 ($1 232 688 in 2000) for the premises and $1 034 090 ($652 633 in 2000) for equipment and rolling stock. Minimum future payments for construction of laboratories are $603 367 for 2002. Minimum future payments are as follows:

2002	$1 452 794
2003	1 097 962
2004	59 387
2005	37 627
2006	5 949
	$2 653 719

14. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, Héma-Québec is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. Héma-Québec did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

15. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

HÉMA-QUÉBEC

MANAGEMENT'S REPORT

The financial statements of Héma-Québec were drawn up by the management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statement.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved, and can be used to prepare accurate financial statements.

Héma-Québec recognizes that it is responsible for conducting its affairs in accordance with the rules and regulations that govern it.

The actuarial firm Morneau Sobeco was named the actuarial consultant for the complementary pension plan for Héma-Québec employees.

The board of directors oversees the manner in which management fulfils its responsibilities with regard to financial information and approves the financial statements.

The Auditor General of Québec has conducted an audit of Héma-Québec's financial statements, in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any matter concerning his audit.

Guy Lafrenière
Lead Director – Administration and Finance

Francine Décary
Director General

Montréal, June 14, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of Héma-Québec as at March 31, 2001 and the statements of results and surplus and cash flow for the year then ended. These financial statements are the responsibility of Héma-Québec's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements presents fairly, in all material respects, the financial position of Héma-Québec as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, with the exception of the change to the accounting treatment of future fringe benefits, explained in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 14, 2001

HYDRO-QUÉBEC
(R.S.Q., c. H-5)

CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31,
(in millions of dollars)

	2000	1999
REVENUE	11 429	9 608
EXPENDITURE		
Operations	2 135	1 912
Electricity and fuel purchased	2 408	1 109
Depreciation, amortization and decommissioning (Note 2)	1 896	1 731
Taxes (Note 3)	525	592
	6 964	5 344
OPERATING INCOME	4 465	4 264
Financial expenses (Note 4)	3 369	3 345
Income before non-controlling interest	1 096	919
Non-controlling interest	18	13
NET INCOME	1 078	906

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the year ended December 31,
(in millions of dollars)

	2000	1999
BALANCE AT BEGINNING OF YEAR	9 367	8 914
Net income	1 078	906
	10 445	9 820
Dividends (Note 16)	539	453
BALANCE AT END OF YEAR	9 906	9 367

HYDRO-QUÉBEC

CONSOLIDATED BALANCE SHEET
as at December 31,
(in millions of dollars)

	2000	1999
ASSETS		
Fixed assets (Note 5)	49 640	48 226
Current assets		
Cash	134	88
Investments	612	400
Accounts receivable	1 861	1 875
Financial assets related to debt	89	191
Materials, fuel and supplies	407	381
	3 103	2 935
Other long-term assets		
Investments (Note 6)	750	702
Deferred charges (Note 7)	4 309	3 874
Financial assets related to debt (Note 8)	372	418
Other assets (Note 9)	937	681
	6 368	5 675
	59 111	56 836
LIABILITIES AND EQUITY		
Long-term-debt (Note 10)	34 887	36 011
Current liabilities		
Borrowings	1 774	107
Dividends payable	539	453
Accounts payable	1 471	1 236
Accrued interest	1 264	1 277
Current portion of long-term debt	3 484	2 598
	8 532	5 671
Other long-term liabilities (Note 11)	673	671
Perpetual debt (Note 12)	552	552
Non-controlling interest	187	190
SHAREHOLDER'S EQUITY (Note 16)		
Share capital	4 374	4 374
Retained earnings	9 906	9 367
	14 280	13 741
	59 111	56 836

Yvon Lamontagne
Chairman of the Audit Committee
L. Jacques Ménard
Chairman of the Board

HYDRO-QUÉBEC

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31,
(in millions of dollars)

	2000	1999
OPERATING ACTIVITIES		
Net income	1 078	906
Depreciation of fixed assets	1 587	1 538
Amortization of deferred charges	449	382
Change in non-cash working capital items (Note 17)	89	105
Other	142	(47)
	3 345	2 884
INVESTING ACTIVITIES		
Fixed assets	(1 812)	(1 642)
Acquisition of joint ventures (Note 15)	(1 576)	(95)
Long-term investments	(65)	(216)
Net change in short-term investments	(131)	(129)
Other	(37)	(145)
	(3 621)	(2 227)
FINANCING ACTIVITIES		
Issue of long-term debt	2 200	2 302
Maturity of long-term debt and sinking fund redemption	(2 317)	(2 279)
Repayment in advance of long-term debt	(737)	(406)
Net change in short-term borrowings	1 678	40
Dividends paid	(453)	(279)
Other	(18)	32
	353	(590)
NET CHANGE IN CASH AND CASH EQUIVALENTS	77	67
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	100	33
CASH AND CASH EQUIVALENTS AT END OF YEAR	177	100
SUPPLEMENTARY INFORMATION		
Interest paid	2 967	3 004

Cash and cash equivalents comprise cash and liquid short-term investments with maturities generally less than or equal to three months from the date of acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

Under the provisions the Hydro-Québec Act, the publicly owned corporation Hydro-Québec (the "Corporation") is mandated to supply power and to pursue endeavors in energy-related research and promotion, energy conversion and conservation, and any field connected with or related to power or energy.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and take into account generally accepted accounting methods and practices of regulatory bodies. The regulatory accounting practices adopted by the Corporation, which differ from the accounting practices otherwise applied in unregulated enterprises, are in particular related to certain deferred charges, including those concerning major projects cancelled or postponed and personnel reduction and renewal measures, as well as depreciation of fixed assets disposed of.

Consolidation

The consolidated financial statements include the accounts of the Corporation, its subsidiaries, all of which are wholly owned, and its interests in jointly controlled enterprises (collectively "Hydro-Québec").

The interests in jointly controlled enterprises, that is, joint ventures, are accounted for using the proportionate consolidation method. Investments in companies over which Hydro-Québec can exercise a significant influence are accounted for on an equity basis, whereas venture capital investments are generally recorded at cost. Other long-term investments are also recorded at cost.

Goodwill

The excess of the cost of the investments in subsidiaries and joint ventures over the share of the net assets acquired is recorded as consolidated goodwill and amortized on a straight-line basis over a period not exceeding 40 years. Each year, Hydro-Québec reviews the book value of goodwill to determine if there has been a permanent impairment in value by measuring the estimated fair value of the investments using the discounted cash flow method.

Regulation

Under the Act respecting the Régie de l'énergie, assented to on December 23, 1996, and amended on June 16, 2000, the Régie de l'énergie has exclusive jurisdiction to determine or modify the rates and conditions under which electricity is transmitted and distributed by Hydro-Québec.

The joint venture Noverco inc. wholly owns Gaz Métropolitain, inc., whose main subsidiary, Gaz Métropolitain and Company, Limited Partnership, is involved primarily in the distribution of natural gas by pipeline. Most aspects of its operations are monitored and controlled by the Régie de l'énergie. In exercising its authority, the Régie de l'énergie makes decisions that influence the adoption and use of certain accounting policies.

Revenue

Revenue from sales of electricity is recorded on the basis of cyclical billings and also includes revenue accrued in respect of electricity delivered but as yet unbilled.

Foreign currency translation

Revenue and expenditure resulting from transactions in foreign currencies are translated into the Canadian dollar equivalent at exchange rates in effect at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the balance sheet date, and non-monetary items are translated into Canadian dollars at exchange rates in effect at the transaction date.

The exchange gains or losses resulting from the translation of current monetary items are included in the consolidated statement of operations. Those resulting from the translation of long-term monetary items are deferred and amortized on a straight-line basis over the remaining term of the asset or liability, except when they relate to liabilities hedged by future revenue streams in United States dollars, in which case they are deferred until the date of repayment of such liabilities.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation (cont'd)

Currency swaps used to manage exchange risksrelated to the repayment of the principal amount of long-term debt are presented at rates in effect at the balance sheet date. Those that constitute financial assets are presented as Financial assets related to debt, while those representing financial liabilities are presented as Long-term debt. Gains or losses on these currency swaps are deferred and amortized on a straight-line basis over their remaining terms.

Fixed assets

Fixed assets are carried at cost, which comprises materials, labor, other costs directly contributing to construction activities and borrowing costs capitalized during construction. Capitalized borrowing costs are based on the previous year's average cost of long-term debt issued by the Corporation.

The costs of fixed assets in progress are transferred to fixed assets in service when construction is completed and the facilities are in commercial operation. As for generating facilities, the costs are transferred in instalments as generating units of the facilities are completed and commissioned.

Fixed assets are depreciated over their useful life. Under the Hydro-Québec Act, the depreciation period is restricted to a maximum of 50 years. The depreciation periods for the main classes of fixed assets are as follows:

Hydraulic generation	45 to 50 years
Nuclear generation	25 to 30 years
Thermal generation, other than nuclear	15 to 30 years
Transmission	30 to 50 years
Distribution	25 to 40 years
Administrative and service buildings	50 years
Construction, operating and research equipment	3 to 30 years

Fixed assets are depreciated according to the sinking fund method at the rate of 3%, with the exception of construction, operating and research equipment, which is depreciated according to the straight-line method.

Upon disposal, the cost of fixed assets and the cost of their dismantlement, net of accumulated depreciation and salvage value, are charged to a separate account and amortized over a maximum period of 10 years, according to the sinking fund method, at the rate of 3%. However, when the fixed assets are replaced, the cost of dismantlement, less the salvage value, is added to the cost of the new fixed assets and then depreciated according to the method appropriate to the new asset.

Short-term investments

Short-term investments are shown at amortized cost. The book value of the investments approximates their fair value.

Deferred charges

Marketing programs and development expenses

Deferred charges related to marketing programs and deferred development expenses are amortized on a straight-line basis over a maximum of five years after the year in which they were incurred.

Cancellation or postponement of major projects

Project costs are reviewed periodically. Costs deemed irretrievable at the time of cancellation of a major project or its postponement to a later date are deferred and amortized on a straight-line basis over a period of three years.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Personnel reduction and renewal measures

The Corporation introduced various temporary measures to facilitate the reduction and renewal of its personnel from 1997 to 2000. The most significant of these measures were improvements to the Pension Plan and severance pay. The cost of measures relating to the Pension Plan is included in the accrued benefit obligation of the Pension Plan, while the cost of severance pay is presented as Deferred charges. The cost of these measures is amortized on a straight-line basis over a period of 60 months, beginning the month following each individual commitment. The amortization is recorded in Expenditure – Operations.

Sinking funds

Sinking funds are created through the purchase of the Corporation's debentures, Government of Canada bonds, or bonds issued or guaranteed by the Québec government. The Corporation's debentures are deducted from long-term debt. Government issued or guaranteed bonds are presented as Financial assets related to debt.

Sinking fund securities are carried at unamortized cost, a method whereby the difference between the cost and the par value at maturity is amortized over the remaining term of the security. The book value of the securities does not necessarily approximate their fair value.

Derivative instruments

Hydro-Québec uses various derivative instruments to mitigate foreign exchange and interest rate risk related to long-term debt, as well as risk of changes in energy and raw material prices.

Interest exchanges, which arise from swap agreements used to change long-term interest rate exposure, are matched to interest expense on the borrowings to which they are related.

Derivative instruments used in the short term to manage financial risk over a period of no more than three years are recorded at cost. Gains or losses realized are deferred and charged to operations on a basis consistent with the recognition of the gains or losses of the underlying position.

The instruments used to manage risks related to energy-price fluctuations constitute hedges. Gains or losses related to these instruments are deferred and charged to operations on a basis consistent with the recognition of the gains or losses of the underlying position.

Decommissioning of nuclear generating station

The future costs of decommissioning Gentilly-2 nuclear generating station are charged progressively to operations and reflected in Other long-term liabilities. These estimated costs essentially relate to dismantling of the station and removal of the irradiated fuel.

The Corporation revises these costs periodically based on the various assumptions and estimates underlying the calculations, possible technological advances and changes in the standards and regulations governing the decommissioning of nuclear generating stations.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires Management to make estimates and assumptions which affect the amounts reported in the financial statements. Actual amounts could differ from those estimates.

Reclassification

Some figures of the previous year have been reclassified in order to respect the presentation adopted in the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

(in millions of dollars)

2. DEPRECIATION, AMORTIZATION AND DECOMMISSIONING

	2000	1999
Depreciation of fixed assets	1 587	1 538
Amortization of marketing programs	67	58
Amortization of major projects cancelled or postponed	43	44
Amortization of development expenses	33	29
Write-off of projects	81	7
Decommissioning of nuclear generating station	12	10
Other	73	45
	1 896	1 731

3. TAXES

	2000	1999
Capital tax	243	320
Tax on gross revenue as municipal real estate tax on certain immovables	218	211
Municipal, school and other taxes	64	61
	525	592

4. FINANCIAL EXPENSES

	2000	1999
Interest		
Interest on debt securities	3 231	3 177
Amortization of borrowing discount and expenses	58	54
	3 289	3 231
Less:		
Capitalized borrowing costs	239	198
Net investment income	42	19
	281	217
	3 008	3 014
Exchange loss	174	134
Loan guarantee fees	187	197
	3 369	3 345

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

(in millions of dollars)

5. FIXED ASSETS

	2000			
	In service	Accumulated depreciation	In progress	Total
Generation				
Hydraulic	24 082	5 106	2 472	21 448
Nuclear	1 638	724	11	925
Thermal, other than nuclear	1 091	566	76	601
	26 811	6 396	2 559	22 974
Transmission	19 418	4 099	925	16 244
Distribution	9 640	2 711	255	7 184
Other				
Administrative and service buildings	1 720	421	10	1 309
Construction, operating and research equipment	1 926	1 336	130	720
Sundry	1 880	797	126	1 209
	5 526	2 554	266	3 238
	61 395	15 760	4 005	49 640

	1999			
	In service	Accumulated depreciation	In progress	Total
Generation				
Hydraulic	23 743	4 693	2 302	21 352
Nuclear	1 630	655	15	990
Thermal, other than nuclear	1 121	552	26	595
	26 494	5 900	2 343	22 937
Transmission	17 732	3 736	916	14 912
Distribution	9 304	2 441	220	7 083
Other				
Administrative and service buildings	1 731	377	7	1 361
Construction, operating and research equipment	1 877	1 191	100	786
Sundry	1 632	648	163	1 147
	5 240	2 216	270	3 294
	58 770	14 293	3 749	48 226

5. FIXED ASSETS (cont'd)

As at December 31, 2000, the Corporation had cumulative costs related to suspended draft-design projects amounting to $509 million ($553 million as at December 31, 1999), recorded under Fixed assets in progress. The Corporation has therefore ceased capitalizing the related borrowing expenses.

As certain projects have longer completion timelines, their cumulative costs are periodically reviewed.

During such reviews, Management must use estimates and make assumptions that have an impact on the amounts reported for draft-design projects at the balance sheet date. Such projects are assessed in terms of profitability based on prevailing market conditions at the time of their commissioning, compliance with sustainable development principles and how well local communities receive them. A significant change in the assessment of these criteria could result in a reduction of the balance for draft-design projects.

6. INVESTMENTS

	2000	1999
At cost		
Noverco inc. (Note 14)		
Notes [a]	141	141
Churchill Falls (Labrador) Corporation Limited (Note 19)		
Bonds [b]	59	61
Other [c]	181	152
	381	354
At equity		
Enbridge Inc.	207	193
Churchill Falls (Labrador) Corporation Limited (Note 19)	35	33
Connexim, Limited Partnership	41	40
Meiya Power Company Limited	86	82
	369	348
	750	702

a) Subordinate debentures, interest rate based on the annual average rate of Government of Canada bonds with terms of over 10 years plus 4.45%, due in 2031, redeemable.

b) General mortgage, 7 1/2%, due 2001 through 2010 (par value of $65 million in 2000 and $67 million in 1999).

c) Comprises venture capital investments at a cost of $90 million and with a fair value of $143 million as at December 31, 2000 ($48 million and $48 million as at December 31, 1999). The fair value of listed shares is determined based on the weighted average trading price as at December 31, 2000; the fair value of unlisted shares is cost.

7. DEFERRED CHARGES

	2000	1999
Deferred charged related to debt [a]	3 191	2 634
Employee future benefit asset (Note 18)	545	466
Marketing programs	49	100
Development expenses	91	109
Major projects cancelled or postponed	44	87
Personnel reduction and renewal measures	117	151
Other	272	327
	4 309	3 874

a) Mainly comprises a deferred exchange loss of $3 063 million ($2 517 million as at December 31, 1999).

8. FINANCIAL ASSETS RELATED TO DEBT

	2000	1999
Currency swaps	232	378
Sinking funds	229	231
	461	609
Less		
Current portion	89	191
	372	418

9. OTHER ASSETS

	2000	1999
Goodwill	557	291
Government reimbursement for the 1998 ice storm [a]	380	390
	937	681

a) Corresponds to the reimbursement of the cost of emergency measures, an amount of $186 million, receivable in 2002, and the compensation payments, from 2002 to 2007, for the net cost of restoring the system, an amount of $194 million ($186 million and $204 million, respectively, as at December 31, 1999).

10. LONG-TERM DEBT

Composition and maturities

Debentures, other long-term debt and currency swaps representing financial liabilities, translated into Canadian dollars at the exchange rates in effect at the balance sheet date, are summarized in the following table. These amounts are presented by year of maturity, and take into account the requirements of the sinking funds.

10. LONG-TERM DEBT (cont'd)

Composition and maturities (cont'd)

	2000						1999
	Debt of the Corporation				Subsidiaries and joint ventures		
Years of maturity	Canadian dollars	U.S dollars	Other currencies	Total		Total	Total
2000							2 598
2001	1 682	679	1 112	3 473	11	3 484	3 492
2002	535	1 942	430	2 907	104	3 011	2 827
2003	1 218	1 101	276	2 595	296	2 891	2 633
2004	1 142	3	52	1 197	6	1 203	1 154
2005	1 328	617	166	2 111	191	2 302	
1 to 5 years	5 905	4 342	2 036	12 283	608	12 891	12 704
6 to 10 years	1 607	1 846	1 531	4 984	268	5 252	7 217
11 to 15 years	2 514	1 840	586	4 940	22	4 962	3 761
16 to 20 years	1 613	990	99	2 702	66	2 768	1 664
21 to 25 years	3 057	3 045		6 102	50	6 152	7 402
26 to 30 years	86	3 761		3 847	33	3 880	2 352
31 to 35 years	2 171			2 171		2 171	2 484
36 to 40 years	209			209		209	844
41 to 45 years	4			4		4	181
46 to 50 years	50			50		50	
56 to 60 years	32			32		32	
	17 248 [a]	15 824	4 252	37 324	1 047	38 371	38 609
Less:							
Current portion	1 682	679	1 112	3 473	11	3 484	2 598
	15 566	15 145	3 140	33 851	1 036	34 887	36 011

a) Includes $101 million and $225 million in zero-coupon bonds, reported at their discounted value at an interest rate compounded semiannually of 10.95% and 10.67% respectively. Their par value will reach $282 million and $1 729 million in 2010 and 2020 respectively. Other bonds, reported at their discounted value and amounting to $864 million, will reach a par value of $1 122 million on maturity.

The debentures of the Corporation are guaranteed by the Québec government. Other long-term debt of the Corporation, which is not guaranteed by the government, totalled $223 million as at December 31, 2000 ($231 million as at December 31, 1999).

10. LONG-TERM DEBT (cont'd)

Allocation of debt by currency at time of issue and impact of financial assets related to debt

The following table summarizes long-term debt, including the current portion, in Canadian dollars and currency units. Also shown are the effects of currency swaps and sinking funds allocated to repay debt, which are presented on the balance sheet under Financial assets related to debt.

	2000				1999
	Long-term debt		Financial assets related to debt		
	In Canadian dollars and currency units	At the closing exchange rates at the balance sheet date [a]	Currency swaps and sinking funds	Total	Total
Debt of the Corporation					
Canadian dollars	17 248	17 248		17 248	16 662
U.S. dollars [b]	10 595	15 824	(290)	15 534	15 590
Other currencies [c]					
Japanese yen	65 500	966	(84)	882	975
Deutsche marks	1 574	1 377	(60)	1 317	1 627
Pounds sterling	400	1 009	(10)	999	986
Swiss francs	247	246	(17)	229	535
French francs	2 500	654		654	629
Belgian francs					43
		4 252	(171)	4 081	4 795
		37 324	(461)	36 863	37 047
Subsidiaries and joint ventures [d]		1 047		1 047	953
		38 371	(461)	37 910	38 000

a) Includes $765 million of financial liabilities composed of currency swaps ($540 million as at December 31, 1999).

b) These balances are 77% hedged by future revenue streams in U.S. dollars and 1% by currency swaps (77% and 2% as at December 31, 1999).

c) These balances are 43% hedged by currency swaps that translate the balances into Canadian dollars and 50% hedged by currency swaps that translate the balances into U.S. dollars (53% and 41%, respectively, as at December 31, 1999).

d) Comprising $809 million in Canadian dollars, $236 million in U.S. dollars and $2 million in other currencies ($744 million in Canadian dollars, $154 million in U.S. dollars, $18 million in Australian dollars and $37 million in Senegalese francs as at December 31, 1999).

Allocation of debt by currency at time of issue and at time of repayment

The following table shows the allocation of debt, net of sinking funds, converted into Canadian dollars after taking the swaps into account, according to the currency at time of issue and the currency at time of repayment.

10. LONG-TERM DEBT (cont'd)

Allocation of debt by currency at time of issue and at time of repayment (cont'd)

	2000		1999	
	At time of issue	At time of repayment	At time of issue	At time of repayment
Debt of the Corporation				
Canadian dollars	17 248	17 477	16 662	17 881
U.S. dollars	15 534	19 099	15 590	18 869
Other currencies	4 081	287	4 795	297
	36 863	36 863	37 047	37 047
Debt of the subsidiaries and joint-ventures				
Canadian dollars	809	809	744	762
U.S. dollars	236	236	154	154
Other currencies	2	2	55	37
	1 047	1 047	953	953
	37 910	37 910	38 000	38 000

Interest rates

The Hydro-Québec interest rates presented in the following table take into account nominal interest rates on borrowings, the related discounts and expenses, and the effect of interest rate swaps.

	2000				1999
Years of maturity	Canadian dollars	U.S. dollars	Other currencies	Weighted average	Weighted average
1 to 5 years	6.32	8.11	8.30	7.08	7.30
6 to 10 years	7.00	8.86	6.30	7.37	6.89
11 to 15 years	9.31	9.96	10.54	9.72	10.30
16 to 20 years	11.25	8.67	6.08	10.24	7.51
21 to 25 years	10.29	9.25		9.78	10.14
26 to 30 years	6.31	9.11		9.03	8.62
31 to 35 years	6.51			6.51	8.54
36 to 40 years	6.43			6.43	5.83
41 to 45 years	6.29			6.29	6.41
46 to 50 years	6.45			6.45	
56 to 60 years	6.33			6.33	
Weighted average	8.65	9.13	7.88	8.82	8.71

The variable-rate portion of Hydro-Québec's debt amounts to 25.2%, or 26.3% after perpetual debt, as at December 31, 2000 (25.1%, or 26.2% after perpetual debt, as at December 31, 1999). For information purposes, a change of 1% in the interest rate would change net income by $101 million ($100 million in 1999), not including the impact of derivative instruments used to manage short-term financial risk (Note 13).

10. LONG-TERM DEBT (cont'd)

Fair value

As at December 31, 2000, the fair value of Hydro-Québec's debt, net of sinking funds and after swaps, amounted to $45 019 million ($43 721 million as at December 31, 1999).

Fair value is obtained by discounting future cash flows, based on term and closing interest rates as at the balance sheet date for similar instruments available on financial markets. The fluctuation in the fair value is explained by its sensitivity to interest rates on such markets. However, Management intends to retain these debt securities until maturity. Therefore, as at December 31, 2000, Hydro-Québec did not foresee any significant debt repayments that could result in the realization of this fair value.

Hydro-Québec has undrawn revolving standby credits totaling U.S.$1 800 million and expiring between 2001 and 2003. Any borrowing under these lines of credit will bear interest at a rate based on the Eurodollar London Interbank Offered Rate (LIBOR).

11. OTHER LONG-TERM LIABILITIES

	2000	1999
Accounts payable	275	324
Employee future benefit liability (Note 18)	311	272
Decommissioning of nuclear generation station	87	75
	673	671

12. PERPETUAL DEBT

Perpetual notes in the amount of U.S.$400 million bear interest at a rate established semiannually based on LIBOR. They are guaranteed by the Québec government and are only redeemable at the Corporation's option. These notes are shown on the balance sheet at the exchange rate in effect on the date of issue ($600 million at the exchange rate in effect at the balance sheet date). As at December 31, 2000, their fair value was $520 million ($592 million as at December 31, 1999). As at December 31, 2000 and 1999, the LIBOR for perpetual notes was 6.88% and 6.06%, respectively.

13. DERIVATIVE INSTRUMENTS

Derivative instruments used by Hydro-Québec are always associated with a reverse risk position.

Hydro-Québec concludes currency swaps in order to manage the foreign exchange risk associated with repayments of principal on long-term debt and with interest payments. Some of these currency swaps allow for interest rate exchanges to change long-term exposure to interest rate risk. Interest rate swaps that do not allow for exchanges of principal are also used to manage this risk.

The valuation of these swaps, with terms through 2017, shows a negative fair value of $318 million (positive fair value of $71 million as at December 31, 1999).

13. DERIVATIVE INSTRUMENTS (cont'd)

The following table shows the notional amount of these swaps expressed in Canadian dollars or in other currencies.

	2000	1999
Canadian dollars	(698)	(1 676)
U.S. dollars	(2 136)	(1 962)
Other currencies		
Japanese yen	65 500	75 500
Deutsche marks	1 456	1 956
Pounds sterling	310	310
Swiss francs	247	547
French francs	2 500	2 500
Belgian francs		1 000
Australian dollars		19

Data in brackets represent amounts to be paid.

In managing short-term financial risks, Hydro-Québec assesses the overall impact of variations in exchange rates, interest rates and prices of raw materials on an ongoing basis. Hydro-Québec held options and forward contracts designed to hedge several positions. It also uses derivative instruments to manage market risks resulting from fluctuations in energy prices. The fair value of these instruments is presented by specific risk in the following table. These derivative instruments mature through April 2002.

The fair value of derivative instruments reflects the amount that Hydro-Québec would receive (financial assets) or pay (financial liabilities) as at the balance sheet date in terminating these instruments.

	2000	1999
Exchange risk		
Forward exchange contracts and options		
Financial assets	39	1
Financial liabilities	(43)	(50)
	(4)	(49)
Interest rate risk		
Forward rate agreements, options and swaps		
Financial assets	1	14
Financial liabilities		(2)
	1	12
Risk of change in energy and raw material prices		
Forward contracts, swaps and transmission congestion contracts		
Financial assets	47	1
Financial liabilities	(21)	(34)
	26	(33)
	23	(70)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

(in millions of dollars)

13. DERIVATIVE INSTRUMENTS (cont'd)

The fair value of derivative instruments is based on the spot rates or forward rates or prices in effect at market closing as at the balance sheet date. Without this information for a given instrument, Management refers to the available forward rate or price for an equivalent instrument. Different valuation models recognized by financial markets are used to estimate the fair value of options.

Credit risk

Derivative instruments include an element of risk, since counterparty might not meet its obligations. However, this risk is moderate as Hydro-Québec deals only with Canadian and international financial institutions with high credit ratings. Credit risk exposure is also reduced by applying a credit policy limiting credit risk concentrations and a customer credit risk evaluation program, as well as by adopting credit limits, where necessary. As at December 31, 2000, Hydro-Québec does not foresee any loss arising from counterparty default.

14. INTERESTS IN JOINT VENTURES

The share of the principal joint venture items included in the consolidated financial statements is presented in the following table. These joint ventures include the interest in Noverco inc. and the Corporation's interests in various foreign joint ventures through Hydro-Québec International inc. (HQI).

	2000	1999
Operations		
Revenue	873	728
Expenditure and financial expenses	807	645
Non-controlling interest	18	17
Net income	48	66
Balance sheet		
Current assets	191	147
Long-term assets	1 687	1 539
Current liabilities	256	226
Long-term liabilities	1 028	872
Non-controlling interest	180	182
Net assets	414	406
Cash flows		
Operating activities	101	115
Investing activities	(144)	(387)
Financing activities	63	190
Net change in cash and cash equivalents	20	(82)

Noverco inc.

Hydro-Québec holds 41% of the outstanding common shares of Noverco inc. and options on an additional 9%. Under the Noverco inc. shareholders' agreement, the Corporation agreed to mechanisms enabling the joint owners to convert their interests into liquidities under certain conditions.

Noverco inc., through its interest in Gas Métropolitain and Company, Limited Partnership (GMCLP), has unrecorded deferred income taxes on regulated activities of $141 million in 2000 ($145 million in 1999). The Régie de l'énergie and the National Energy Board are expected to allow these deferred income taxes to be included in GMCLP's rates as they become payable.

14. INTERESTS IN JOINT VENTURES (cont'd)

Foreign joint ventures

The Corporation holds interests in joint ventures through HQI. These joint ventures are essentially involved in the construction, ownership and operation of hydroelectric generating stations and transmission systems. They mainly operate in South and Central America, as well as in Australia.

A contract for the sale of Senelec's shares, which takes effect in 2001, was signed on December 29, 2000. As at December 31, 2000, the investment in Senelec is reflected in short-term investments at its fair value of $49 million. Before this transaction, it was recorded using the proportionate consolidation method (cost of $64 million).

15. BUSINESS ACQUISITION

On October 23, 2000, the Corporation, through HQI, acquired the aggregate of the outstanding common shares of Compañía Nacional de Transmisión Eléctrica S.A. (Transelec), a major Chilean power transmission company. The purchase, at a cost of $1 631 million, was financed through a short-term loan for which long-term financing may be secured at later date. The acquisition was recorded using the purchase method.

The fair value of the assets acquired and liabilities assumed are as follows:

Cash	50
Current assets	13
Long-term assets	1 282
	1 345
Current liabilities	(14)
Long-term liabilities	(23)
Net assets	1 308
Goodwill	323
Purchase price	1 631

Consideration comprises:

Cash, net of cash acquired	1 576
Other	5
	1 581

As at December 31, 2000, no results had been recorded, pursuant to Hydro-Québec's practice of consolidating international interests on a quarter lag basis.

16. SHAREHOLDER'S EQUITY

The authorized share capital comprises 50 000 000 shares with a par value of $100 each, and 43 741 090 shares were issued and paid.

Under the Hydro-Québec Act, any dividends to be paid by the Corporation are declared once a year by the Québec government, which also determines the terms and conditions of payment. For a given fiscal year, they cannot exceed the distributable surplus, equal to 75% of the year's operating income and the net investment income, less interest on debt securities and amortization of borrowing discount and expenses. This calculation is made on the basis of the consolidated financial statements.

16. SHAREHOLDER'S EQUITY (cont'd)

However, in respect of a given fiscal year, no dividend may be declared in an amount that would have the effect of reducing the rate of capitalization to less than 25% at the end of the year. The government declares the dividends for a given year within 30 days after the Corporation has sent the government the financial data relative to the distributable surplus. On expiry of the time prescribed, any distributable surplus or part thereof that has not been subject to a dividend declaration may no longer be distributed to the shareholder as a dividend.

For 2000, the Québec government declared dividends of $539 million, which is less than the maximum permitted.

Dividends declared are deducted from the retained earnings of the year for which they were declared.

17. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2000	1999
Accounts receivable	30	(49)
Materials, fuel and supplies	(24)	(111)
Accounts payable	96	397
Accrued interest	(13)	(132)
	89	105

18. EMPLOYEE FUTURE BENEFITS

The Corporation offers all its employees a contributory defined benefit pension plan, based on final pay. The Corporation's pension plan (the "Pension Plan") is a funded plan that ensures post-retirement benefits based on number of years of service and average five best years of earnings. The Corporation also offers its active and retired employees other employee benefits including group life, medical and hospitalization, and salary insurance plans. However, with the exception of the long-term disability salary insurance plan, for which amounts are set aside with the insurer to guarantee benefit payments to beneficiaries, these plans are unfunded.

The cost of pension benefits and other retirement benefits provided in exchange for services rendered during the year is calculated using the projected benefit method prorated on years of service, and is based on best estimate economic and demographic assumptions as determined by Management.

The following tables present information concerning the defined benefit plans, established by independent actuaries:

	Pension Plan		Other plans	
	2000	1999	2000	1999
Accrued benefit obligation				
Balance at beginning of year	5 988	5 938	460	499
Current service cost	171	166	16	18
Benefit payments and refunds	(322)	(367)	(26)	(24)
Interest on obligation	436	353	32	29
Actuarial losses (gains)	647	(439)	40	(62)
Adjustments arising from plan amendments		306		
Adjustments arising from personnel reduction programs	46	31		
Balance at end of year (amounts carried forward)	6 966	5 988	522	460

18. EMPLOYEE FUTURE BENEFITS (cont'd)

	Pension Plan		Other plans	
	2000	1999	2000	1999
Balance at end of year (amounts brought forward)	6 966	5 988	522	460
Plan assets at fair value				
Balance at beginning of year	8 958	8 304	31	29
Actual return on plan assets during the year	831	1 006		1
Employee contributions	3	19		
Hydro-Québec contributions	1	14	4	4
Benefit payments and refunds	(322)	(367)	(4)	(3)
Administrative fees	(19)	(18)		
Balance at end of year	9 452	8 958	31	31
Surplus (deficit) at end of year	2 486	2 970	(491)	(429)
Unamortized past service costs [a]	278	300		
Unamortized net gain [b]	(428)	(905)	(19)	(62)
Unamortized transitional obligation (asset) [a]	(1 977)	(2 129)	193	209
Unamortized adjustments arising from personnel reduction program [c]	186	230	6	10
Accrued benefit asset (liability)	545	466	(311)	(272)
Significant actuarial assumptions (%)				
Discount rate	6.61	7.17	6.61	7.17
Expected rate of return on plan assets [d]	7.90	6.49	5.59	5.30
Salary escalation rate [e]	2.95	2.23		

As at December 31, 2000, health-care costs are based on an annual growth rate of 7.5% in 2001 and 7.1% in 2002. After that time, based on the assumption used, this rate gradually decreases until it reaches the ultimate rate of 3.7% in 2010.

a) Past service costs arising from plan amendments and transitional balances relating to the Pension Plan and other defined retirement benefits as at January 1, 1999 are amortized on a straight-line basis over the employees' expected average remaining service life. The transitional obligation relating to salary insurance plans is amortized on a straight-line basis over a period of five years.

b) Amortization of actuarial gains or losses is recognized in the expense for the year if the unamortized net actuarial gain or loss at the beginning of the year exceeds 10% of the value of the accrued benefit obligation or 10% of the market-related value of the assets of the plan fund, whichever is greater. Amortization corresponds to the excess divided by employees' expected average remaining service life.

c) Adjustments arising from personnel reduction programs are amortized on a straight-line basis over a period of 60 months, beginning the month following each individual commitment.

d) The expected return on pension plan assets is based on a market-related value determined by using a five-year moving average for equity securities held, and by valuing other asset classes at their fair value.

e) This rate is a weighted average which takes salary increases into account as well as promotion opportunities while in service.

18. EMPLOYEE FUTURE BENEFITS (cont'd)

The plan assets include certain securities issued by the Corporation and its related companies. These securities are grouped under the following asset classes:

	Pension Plan		Other plans	
	2000	1999	2000	1999
Bonds and debentures	742	532		
Shares	10	17		
Short-term investments	20	10	31	30
	772	559	31	30
Plan expense (credit)				
Current service cost, net of employee contributions [a]	157	136	16	18
Administrative fees [b]	19	18		
Interest on obligation	436	353	33	29
Interest on assets	(650)	(529)	(1)	(1)
Amortization of transitional obligation (asset)	(152)	(152)	16	16
Amortization of net actuarial gain			(1)	
Amortization of adjustments arising from personnel reduction programs	90	82	4	3
Amortization of past service costs	22	6		
Expense (credit) for the year	(78)	(86)	67	65

a) The value of the contribution holiday granted to employees for the year is disclosed net of service cost of contributions deemed paid and amortized using the method for amortizing actuarial gains and losses. For the long-term disability insurance plan, current service cost corresponds to the cost of new disability cases for the year.

b) Administrative fees chargeable to the Pension Plan are fully billed by the Corporation.

The Corporation and most of its employees have benefited from a Pension Plan contribution holiday since May 10 1999. Several amendments with a material effect on the obligation of the Pension Plan were also the subject of agreements between the Corporation and the unions during 1999. These amendments are mainly improvements to retirement benefits, including the extension of the "80 clause" to 2003, where 80 is the total of age and years of contribution, the introduction of a bridging benefit calculated on service up to 2003 and payable as of the date of retirement up to age 65, the buyback of non-contribution periods up to a maximum of $50 million, and the inclusion of lump sums paid under the profit-sharing plan or certain corporate performance management programs in the definition of pensionable earnings.

19. COMMITMENTS AND CONTINGENT LIABILITIES

Electricity purchased

On May 12, 1969, the Corporation signed a contract with Churchill Falls (Labrador) Corporation Limited [CF(L)Co] whereby the Corporation undertook to purchase substantially all the energy generated at Churchill Falls generating station, which has a nominal capacity of 5 428 MW. Under this agreement, the Corporation could be required to provide additional funding to service the debt of CF(L)Co and to pay its expenses should CF(L)Co be unable to do so. Expiring in 2016, this contract will be automatically renewed for a further 25 years in accordance with existing terms and conditions. On June 18, 1999, the Corporation and CF(L)Co also entered into a contract to guarantee the availability of 682 MW of additional power until 2041 for the November 1 to March 31 winter period.

19. COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

Electricity purchased (cont'd)

On May 28, 1990, the Corporation signed a firm power purchase contract with New Brunswick Power Corporation to provide the Corporation with blocks of power of up to 300 MW between 1998 and 2002, and 200 MW between 2002 and 2011.

On April 13, 1999, the Corporation signed an energy purchase agreement with PG&E Energy Trading-Power, L.P. for 2 850 GWh, to be delivered from 2001 until 2004.

As at December 31, 2000, the Corporation had signed contracts with 66 independent power producers for a potential capacity of 435 MW. The Corporation expects to purchase approximately 387 MW of power and energy annually over the initial term of these contracts, which extend through 2024. The majority of these contracts include renewal clauses.

Energy storage

The Corporation entered into energy banking agreements for a potential of approximately 9 TWh. These agreements cover periods ranging from one to five years and extend through 2004. As at December 31, 2000, the Corporation received approximately 2 TWh which, under these agreements, must be returned. Certain provisions enable the Corporation and/or the counterparty to convert some energy banking contracts into energy purchase/sale contracts.

Guarantees

Hydro-Québec has issued letters of credit or guarantees for an amount of $2 371 million as at December 31, 2000.

Capital expenditures

The Corporation expects to invest $1 920 million in fixed assets in 2000.

Litigation

In the normal course of business, Hydro-Québec is party to claims and legal proceedings. Management is of the opinion that the settlement of these legal actions, the outcome of which may be determined with a reasonable degree of certainty, will not have an adverse effect on the financial position or consolidated operating results of Hydro-Québec.

The Corporation also received claims for the 1998 ice storm. Management believes that it is too early to assess the potential impact of these claims on the Corporation's financial position.

20. SEGMENTED INFORMATION

The activities of Hydro-Québec are divided into three energy-related operating segments, according to products and services: Electricity, Gas, and Expertise and Technology. These segments, based on management practices that support Hydro-Québec's growth and profitability orientations, have their own particular economic characteristics and differ in nature, production processes, and technology, as well as in their target customer base.

The Electricity segment is Hydro-Québec's core business and encompasses the generation, transmission and distribution of electricity.

The Gas segment comprises natural gas transmission and distribution activities, principally through an interest in Noverco inc. shares and debentures.

The Expertise and Technology segment groups together activities related to the marketing of technology and expertise developed both on the national and international stage. The information provided relates chiefly to the subsidiaries in these sectors, namely HQI, Hydro-Québec CapiTech and the holding companies Gestion Production H.Q. inc., TransÉnergie H.Q. inc. and Hydro-Québec Valtech inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

(in millions of dollars)

20. SEGMENTED INFORMATION (cont'd)

The following tables contain information related to operations and assets by segment and certain geographical information.

Segments

	2000				
	Energy				
	Electricity	Gas	Expertise and Technology	Intersegment eliminations for consolidation purposes	Total
Revenue	10 417	924	97	(9) [a]	11 429
Depreciation, amortization and decommissioning	1 778	69	49		1 896
Financial expenses	3 263	93	13		3 369
Net income (loss)	1 174	(11)	(85)		1 078
Capital expenditure	1 766	43	3		1 812
Total assets	57 138	1 704	320	(51)	59 111

	1999				
	Energy				
	Electricity	Gas	Expertise and Technology	Intersegment eliminations for consolidation purposes	Total
Revenue	8 717	778	138	(25) [a]	9 608
Depreciation, amortization and decommissioning	1 641	61	29		1 731
Financial expenses	3 242	92	12	(1)	3 345
Net income (loss)	915	36	(45)		906
Capital expenditure	1 552	89	1		1 642
Total assets	54 855	1 636	392	(47)	56 836

a) Corresponds to intersegment revenue derived essentially from Expertise and Technology.

Geographical information

	2000		1999	
	Revenue	Fixed assets and goodwill	Revenue	Fixed assets and goodwill
Québec	8 799	48 027	8 209	48 079
Canada, outside Québec	176		275	
United States	2 331	226	974	107
Chile		1 605		
Other countries	123	339	150	331
	11 429	50 197	9 608	48 517

The amounts presented for each segment are based on the financial information used to establish the consolidated financial statements.

HYDRO-QUÉBEC

MANAGEMENT REPORT

Hydro-Québec's consolidated financial statements and all additional information contained in the Annual Report are the responsibility of Management and are approved by the Board of Directors. Management's responsibility also includes the selection of appropriate accounting practices in accordance with Canadian generally accepted accounting principles, taking into account generally accepted accounting methods and practices of regulatory bodies. As required, Management makes informed judgments and prepares the most appropriate estimates of the outcome of events and transactions, with due consideration given to materiality. Financial information contained elsewhere in the Annual Report is consistent with that in the financial statements.

Management, in keeping with its responsibilities, maintains a control system, designed among other things to provide reasonable assurance that the assets of Hydro-Québec are adequately recorded and safeguarded and that the accounting records form an appropriate basis for the preparation of reliable financial statements. An internal auditing process allows evaluation of the sufficiency and efficiency of control, as well as of Hydro-Québec's policies and procedures. Recommendations ensuing from this process are submitted to Management and the Audit Committee.

The Board of Directors assumes its responsibility for the consolidated financial statements principally through its Audit Committee, composed solely of directors who do not hold full-time positions within the Corporation or in one of its subsidiaries. This committee's mandate is to ensure that the financial statements present fairly Hydro-Québec's financial position, the results of its operations and its cash flows. The Audit Committee meets regularly with Management, the General Auditor and the external auditors to review the results of their audits and the reports on Hydro-Québec's accounting methods and policies and on the control systems. The General Auditor and the external auditors have full and unrestricted access to the Audit Committee, with or without Management's presence.

Hydro-Québec has also established a code of ethics and a code of conduct primarily to ensure the proper management of its resources and the orderly conduct of business.

The consolidated financial statements have been audited jointly by accounting firms Samson Bélair/Deloitte & Touche and PricewaterhouseCoopers

L. Jacques Ménard
Chairman of the Board

André Caillé
President and Chief Executive Officer

Daniel Leclair
Vice-President - Finance
and Chief Financial Officer

Montréal, Québec
February 23, 2001

AUDITORS' REPORT

To the Minister of Finance of Québec

We have audited the consolidated balance sheet of Hydro-Québec as at December 31, 2000, and the consolidated statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of Hydro-Québec's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Hydro-Québec as at December 31, 2000, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles as described in Note 1. As required by the Auditor General Act (R.S.Q., c. V-5.01), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Samson Bélair/Deloitte & Touche
Chartered Accountants

PricewaterhouseCoopers
Chartered Accountants

Montréal, Québec
February 23, 2001

HYDRO-QUÉBEC PENSION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
as at December 31, 2000
(in millions of dollars)

	2000	1999
INVESTMENTS (Note 3)		
Bonds and debentures		
Canadian dollars	3 971	3 487
Foreign currencies	11	28
Shares		
Canadian dollars	2 916	3 182
Foreign currencies	1 845	1 747
Mortgage loans	81	34
Real estate investments	175	140
Short-term investments	358	268
	9 357	8 886
CASH	50	30
ACCOUNTS RECEIVABLE		
Interest and dividends	57	55
	9 464	8 971
Less:		
Accounts payable	12	13
NET ASSETS AVAILABLE FOR BENEFITS	9 452	8 958

On behalf of Hydro-Québec,
Yvon Lamontagne
Chairman of the Audit Committee

L. Jacques Ménard
Chairman of the Board

Montréal, Canada
March 9, 2001

HYDRO-QUÉBEC PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2000
(in millions of dollars)

	2000	1999
INCREASE IN NET ASSETS		
Investments income		
Interest	255	231
Dividends	75	71
	330	302
Changes during year in fair value of investments	502	703
Contributions		
Employees	3	19
Hydro-Québec		15
	3	34
	835	1 039
DECREASE IN NET ASSETS		
Benefit payments	275	270
Transfers of values and refunds	47	97
Administrative and management fees	19	18
	341	385
CHANGE IN NET ASSETS BEFORE THE MERGER OF THE PLANS OF THE SUBSIDIARIES	494	654
MERGER OF THE PLANS OF THE SUBSIDIARIES (Note 1 j))		53
CHANGE IN NET ASSETS	494	707
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	8 958	8 251
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	9 452	8 958

NOTES TO FINANCIAL STATEMENTS
December 31, 2000
(in millions of dollars)

1. DESCRIPTION OF PLAN

The following description of the Hydro-Québec Pension Plan (the "Plan") is a summary only. For more information, reference must be made to the By-law 681 in respect of the Hydro-Québec Pension Plan (the "By-law"). Temporary amendments, effective from January 1, 2000 to December 31, 2003, as well as some permanent amendments, were made to the By-law in 1999. All of these amendments apply to designated members corresponding to the following definition: the designated member is a manager, a non-unionized employee, an engineer who is a member of the Syndicat professionnel des ingénieurs d'Hydro-Québec or, on the effective date provided for in the agreement, a unionized employee whose union has signed an agreement in principle with Hydro-Québec, ratified by the union members, on the application of specific Plan provisions to designated members. An employee for whom a certification request is pending on the effective date of the present By-law and who is not excluded from such request is also a designated member. See Note 1 b), f) and g).

Other provisions of the By-law applied to members who were not designated members.

a) General

The Hydro-Québec Pension Plan is a contributory defined benefit pension plan based on final pay and registered with the Régie des rentes du Québec and Canada Customs and Revenue Agency.

b) Retirement benefits

Retirement benefits are based on an annual pension credit in respect of years of contributory service and the average best years of earnings. Earnings include, for the designated members, the lump sum paid under the company's Profit Sharing Plan, when only that plan applies. For all other designated members, earnings include any lump sum related to performance management and provided for under a corporate program or plan (including, if applicable, the company's Profit Sharing Plan), up to a limit of 2/3 of the maximum amount provided for under the corporate programs or plan..

The following table presents the main elements of the benefits calculation.

Number of years of contribution	Annual pension credit	Reference period (average earnings)
Before 1996	2.0%	5 years
Between 1966 and 1991	2.25%	5 years
Between 1991 and 1998, whichever is most advantageous	2.0% 2.25%	3 years 5 years
After 1998	2.25%	5 years

After retirement, these benefits are indexed according to a formula based on the consumer price index.

Normal retirement age is 65. However, as of 55 years of age, members may receive an offset benefit or a normal retirement annuity, in accordance with the provisions of the By-law.

On the 65th birthday of a member, vested benefits are reduced by an amount determined pursuant to the By-law so as to be coordinated with the retirement benefits to be paid by the Régie des rentes du Québec.

A bridging benefit is also offered to designated members. The benefit is equal to 0.2% of average earnings over 5 years, up to the average maximum pensionable earnings of the 5 years preceding the date of termination of employment, death or normal retirement, multiplied by the number of years of contribution to the Plan prior to January 1, 2004.

1. DESCRIPTION OF PLAN (cont'd)

b) Retirement benefits (cont'd)

Temporary amendments

The Plan offers, until December 31, 2000 for members and December 31, 2003 for designated members, the possibility of receiving a normal retirement annuity, regardless of their age, provided that the sum of their age and the number of years of contribution is 80 at the date of termination of employment.

c) Death benefits

In the event of death, the By-law provides for a number of benefit payments payable to a spouse, eligible children or beneficiaries. Survivor benefits can be payable as an annuity, a refund or transfer of the value of an annuity, or a refund or transfer of the employee's contributions, as appropriate.

Under no circumstances can the aggregate benefits already paid be less than the total contributions paid by the member, plus interest.

d) Termination benefits

Pursuant to the By-law's pension vesting rules, benefits shall be paid upon termination of employment. Such benefits may not, under any circumstances, be less than the contributions paid by the member, plus interest.

e) Transfers of values and refunds

According to the By-law, members who leave their employment before the age of 55 have the right to a refund of their contributions, plus interest, or a deferred retirement benefit or a transfer of the present value of the deferred retirement benefit to another pension plan or a combination of the foregoing two formulas.

f) Buyback of non-contribution periods

In 2000, a temporary program to buy back non-contribution periods was offered to the members under certain conditions. The total cost of the program, for the Plan, is limited to $50 million. Eligible non-contribution periods may be bought back effective 2001.

Temporary amendments

The By-law also provides for the purchase, by members until December 31, 2000 and designated members until December 31, 2003, of various unpaid or partially paid leaves.

g) Funding

According to the provisions of the By-law, the members must contribute the sum of the following: 5.82% of their earnings up to the basic exemption established by the Québec Pension Plan Act, 4.02% of that portion of earnings between the basic exemption and the maximum pensionable earnings established by the same Act, and 5.82% of that portion of earnings exceeding the maximum pensionable earnings.

For each member contributing to the Plan, the employer pays a contribution, to the extent that it is eligible, equal to the sum of the following: 10.48% of the earnings up to the basic exemption, 8.68% of that portion of earnings between the basic exemption and the maximum pensionable earnings and 10.48% of that portion of earnings exceeding the maximum pensionable earnings.

For the period from January 1, 1997 to December 31, 2000, pursuant to the provisions of the By-law, the employer paid a contribution, to the extent that it was eligible, equal to that of the members. Unless otherwise provided for in the By-law, Hydro-Québec must also pay equalization contributions to make up any unfunded actuarial liability or pay any amount required to ensure solvency of the Plan.

Notwithstanding the preceding, designated member contributions and employer contributions have been suspended since May 10, 1999. This contribution holiday, for the designated members, will be in effect as long as the actuarial valuations for Plan funding purposes present a funding rate equal to or exceeding 110 %.

1. DESCRIPTION OF PLAN (cont'd)

h) Transfer agreements

Under the By-law, the employer is permitted to enter into an agreement with any government, corporation or other organization with a pension plan, in order to facilitate reciprocal employee transfers. The amounts received under such agreements are paid to the Plan as member contributions.

i) Administrative and management fees

According to the provisions of the By-law, administrative and management fees incurred by Hydro-Québec in respect of the Pension Plan are assumed by the Plan.

j) Subsidiaries

The following pension plans and the Hydro-Québec Pension Plan were merged as of January 1, 1999: the Régime de retraite des employés de la Comptagnie d'électricité du Sud du Canada Ltée, the Régime de retraite des employés de la Compagnie d'électricité du Nord du Québec Limitée, the Régime de retraite des employés de la Compagnie électrique du Saguenay and the Régime de retraite des employés de La Compagnie de Pouvoir du Bas St-Laurent.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Investments

Foreign currency bonds and debentures, and shares comprise investments denominated in foreign currencies, regardless of the residence of the investee.

Investments are shown at year-end fair value.

Bonds and debentures

Bonds and debentures are shown at bond market bid prices.

Shares

Shares are shown at closing market prices. Dividends are recorded at the ex-dividend date.

Mortgage loans

Mortgage loans are shown at quoted fair value.

Real estate investments

Real estate investments are shown at the most recent estimated fair value. An independent appraisal is performed at least once a year.

Short-term investments

Short-term investments are shown at cost, which approximates their fair value.

Derivative instruments

Derivative instruments are presented at the closing price of financial markets in the related category of investment. Derivative instruments include foreign exchange forward contracts, options, futures contracts, warrants and swap agreements. Interest rate swaps are contracts whereby fixed-rate interest payments are exchanged for floating-rate interest receipts. Stock index and bond index swaps are contracts whereby fixed-rate or floating-rate interest payments are exchanged in consideration for a return based on changes in certain stock and bond indexes.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Foreign currency translation

The fair value of investments, interest and dividends receivable and cash, denominated in foreign currencies, are converted into Canadian dollars at year-end exchange rates. Revenue resulting from transactions made in foreign currencies is converted into Canadian dollars at exchange rates in effect at the transaction date.

3. MANAGEMENT OF INVESTMENT PORTFOLIO

Acting as trustee, Hydro-Québec has adopted a pension fund investment management policy which maximizes investment return-risk and minimizes Plan costs. The policy provides for a diversification of the portfolio among various investment categories (short-term, fixed and variable income, etc.) while limiting credit risk concentration. It also allows the prudent use of derivative instruments in order to effectively manage, at the lowest cost, the Plan's assets and the inherent risks of the investment portfolio. Derivative instruments, in themselves, carry a certain risk, since a counterparty may fail to perform its obligations. This risk is moderate, however, because Hydro-Québec, as trustee, deals solely with a recognized stock exchange or recognized financial institutions with high credit ratings.

As at December 31, 2000, 48% of the portfolio was managed by external firms.

Bonds and debentures

As at December 31, 2000, the bond and debenture portfolio included an amount of $329 million attributable to interest rate, stock index and bond index swaps ($238 million as at December 31, 1999).

Bond and debenture fair value is sensitive to changes in market interest rates. For information purposes, as at December 31, 2000, a 1% fluctuation in interest rates would bring about a 5.4% reverse fluctuation in the fair value of the bond and debenture portfolio.

Shares

As at December 31, 2000, 50% of shares in foreign currencies were denominated in United States dollars (54% as at December 31, 1999).

Short-term investments

As at December 31, 2000, short-term investments comprised $73 million attributable to stock market swaps and to futures contracts ($128 million as at December 31, 1999).

Exchange risk

The managers use foreign exchange forward contracts to hedge against foreign exchange risk. As at December 31, 2000, the notional amount of these contracts, established in Canadian dollars according to the exchange rates stipulated in the contracts, was $252 million and their fair value was $5 million.

Credit risk

As at December 31, 2000, the highest credit risk concentration was attributable to Government of Canada bonds and Treasury Bills. These investments, with a fair value of $1 484 million, represented 16% of the total investment portfolio.

3. MANAGEMENT OF INVESTMENT PORTFOLIO (cont'd)

Derivative instruments

The fair value as at December 31 of the Plan's investments, is presented in the following table, according to the classification criteria stipulated in the investment management policy and after giving effect to the allocation of derivative instruments.

	Investments	Derivative instruments	2000	1999
Bonds and debentures				
Canadian dollars	3 751	(68)	3 683	3 234
Foreign currencies	11		11	28
Shares				
Canadian dollars	2 971	297	3 268	3 556
Foreign currencies	1 840	5	1 845	1 747
Mortgage loans	81		81	34
Real estate investments	175		175	140
Short-term investments	516	(222)	294	147
	9 345	12	9 357	8 886

4. PENSION OBLIGATIONS

The actuarial consulting firm, Groupe-conseil Aon inc., issued a report on the costs and obligations of the pension plan for accounting purposes. The report discloses the net assets available for benefits at the fair value, according to the financial statements, and the present value of accrued retirement benefits as at December 31, 2000.

The present value of accrued retirement benefits is determined by using the projected benefit method prorated on years of service and Hydro-Québec Management's best estimate assumptions with respect to future events.

Value of net assets available for benefits	9 452
Present value of accrued retirement benefits	
Balance at beginning of year	6 019
Accrued interest on accrued benefits	436
Accrued benefits	171
Benefit payments and refunds	(322)
Adjustments arising from experience gains or losses and from change in assumptions	655
Balance at end of year	6 959
Excess of value of net assets over present value of accrued retirement benefits [a)]	2 493

Furthermore, the most recent actuarial valuation of the Hydro-Québec Pension Plan for funding purposes, dated December 31, 1998, states that the value of net assets exceeds the present value of accrued retirement benefits of $957 million.

5. RELATED PARTY TRANSACTIONS

The Plan portfolio includes securities issued by Hydro-Québec, Gaz Métropolitain Inc., Enbridge Inc. and the Province de Québec. These securities represent 8.2% of the net assets available for benefits (6.2% as at December 31, 1999).

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in millions of dollars)

6. CONTINGENCIES

A class action suit has been filed against the trustee of the fund, Hydro-Québec, in order to have it recognize the right of retired members to a share of the surplus of the Hydro-Québec Pension Plan. Management believes it is too early to assess the impact of the suit on the financial position of the Plan.

7. SUBSEQUENT EVENTS

Bill 102, an Act amending the Supplemental Pension Plans Act and other legislative provisions, was passed by the national Assembly on November 29, 2000 and assented to on December 5, 2000. Pursuant to the bill, the following main changes are to be made to the terms of the Hydro-Québec Pension Plan: vesting in the Plan shall be immediate, retroactive to the date of Plan membership; the balance of member contributions as of January 1, 2001 shall earn interest at the pension fund rate of return; minimum indexing shall be added to the deferred retirement benefit between the date of termination and the date on which the member reaches 55 years of age; and a 10-year pension guarantee shall be offered to future retirees. These changes are effective January 1, 2001.

AUDITORS' REPORT

To the Members of the Hydro-Québec Pension Plan

We have audited the statement of net assets available for benefits of the Hydro-Québec Pension Plan as at December 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of Hydro-Québec, as the Pension Fund's trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Hydro-Québec's Management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Hydro-Québec Pension Plan as at December 31, 2000 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair,
Deloitte & Touche
Chartered Accountants

Pricewatherhouse Coopers
Chartered Accountants

Montréal, Canada
February 2, 2001

IMMOBILIÈRE SHQ
(R.S.Q., c. I-0.3)

INCOME
for the year ended December 31, 2000
(in thousands of dollars)

	2000
REVENUE	
Consideration receivable from agencies for use of immoveables	185 277
Interest earned and other income	38 291
Subsidy – Gouvernement du Québec	750
	224 318
EXPENDITURE	
Interest on the long-term debt	192 087
Depreciation of fixed assets	28 661
Management fees	750
	221 498
NET INCOME FOR THE YEAR	2 820

RETAINED EARNING
for the year ended December 31, 2000
(in thousands of dollars)

	2000
OPENING BALANCE	13 530
Remittance of retained earnings to the Gouvernement du Québec (Note 7)	(13 530)
Net income for the year	2 820
CLOSING BALANCE	2 820

IMMOBILIÈRE SHQ

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	Balance sheet as at December 31, 2000	Opening balance sheet as at January 1st, 2000
ASSETS		
Fixed assets (Note 3)	1 857 228	1 885 889
Loans (Note 4)	471 679	482 533
Accrued interest on loans	7 507	7 694
Accounts receivable	37 596	39 918
Cash on hand (Note 5)	36 556	32 701
	2 410 566	2 448 735
LIABILITIES		
Long-term debt (Note 6)	2 335 237	2 372 729
Deferred subsidies		
Canada Mortgage and Housing Corporation	5 282	5 368
Gouvernement du Québec	70	88
Interest accrued payable	53 627	55 167
Temporary borrowing		1 853
	2 394 216	2 435 205
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)	13 530	
Retained earnings	2 820	13 530
	16 350	13 530
	2 410 566	2 448 735

On behalf of the Board of Directors,
Jean-Luc Lesage, Vice-Chairman
Jacques Caron, Director

IMMOBILIÈRE SHQ

CASH FLOWS
for the year ended December 31, 2000
(in thousands of dollars)

	2000
OPERATING ACTIVITIES	
Net income for the year	2 820
Adjustment for amortization of fixed assets	28 661
Variation of non-cash item	
Decrease of interest accrued on loans	187
Decrease of accounts receivable	2 322
Decrease of accrued interest payable	(1 540)
Decrease in deferred subsidies	(104)
Cash flows related to operating activities	32 346
FINANCING ACTIVITIES	
Repayment of the long-term debt	(37 492)
Repayment of short-term borrowing	(1 853)
Cash flows related to financing activities	(39 345)
INVESTMENT ACTIVITIES	
Cash flows related to investment activities	
Encashment on loans	10 854
INCREASE IN CASH ON HAND	3 855
CASH ON HAND, BEGINNING OF YEAR	32 701
CASH ON HAND, END OF YEAR	36 556
ADDIITONAL CASH FLOW INFORMATION	
Interest paid during the year	193 627

NOTES TO FINANCIAL STATEMENTS
December 31, 2000
(in thousands of dollars)

1. CONSTITUTION ET OBJETS

The purpose of Immobilière SHQ, a legal entity with a partnership fund and agent of the State, established by the Act respecting Immobilière SHQ (Q.S., 1999, c. 16) is:

- To acquire, with the related rights and obligations, residential buildings, notably those belonging to the Société d'habitation du Québec, and, for a consideration, to make these buildings available to municipal housing offices or other non-profit organizations wishing to operate them;

- To acquire the rights and obligations resulting from loans awarded by the Société d'habitation du Québec to municipal housing offices or other non-profit organizations.

Immobilière SHQ's operations started up on January 1, 2000.

The rights and obligations of the Société d'habitation du Québec were transferred on January 1, 2000 at the book value corresponding to a total net amount of $13.5 million.

Immobilière SHQ entrusted the Société d'habitation du Québec, legal entity established by a special statute (R.S.Q., c. S-8), with the mandate of administering, for a consideration, its property and the resulting obligations and the mandate of managing the everyday affairs related to this property.

2. ACCOUNTING POLICIES

The financial statements of the Immobilière SHQ have been prepared by the Société d'habitation du Québec's management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Fixed assets

Fixed assets are recorded at cost.

Amortization of immoveables

Immoveables are amortized over a service life varying between 35 and 40 years. The amortization of these immoveables is calculated according to the annuity method (growing depreciation) at an annual rate of 7.5%.

3. FIXED ASSETS

	December 31, 2000			January 1, 2000
	Cost	Accumulated depreciation	Net	Cost
Land *	101 398		101 398	101 398
Immoveables	1 784 491	28 661	1 755 830	1 784 491
	1 885 889	28 661	1 857 228	1 885 889

* Immobilière SHQ holds the superficiary user's rights, for an unlimited duration, for land belonging to the Ville de Montréal for $13.7 million.

4. LOANS

	December 31, 2000				January 1, 2000
	Fixed interest rates maturing				
	from 2007 to 2019	from 2020 to 2024	from 2025 to 2030	Total	Total
Loans guaranteed by real estate mortgages, repayable in monthly or annual instalments at an interest rate of					
6.750% to 6.875%	12 560	73 107		85 667	89 194
7.000% to 7.500%	398	58 957	16 404	75 759	76 994
7.625% to 7.875%	112	117 384	55 578	173 074	175 759
8.000% to 8.625%		37 996	84 009	122 005	123 818
10.500% to 15.125%	1 943		205	2 148	2 187
	15 013	287 444	156 196	458 653	467 952
Unsecured loans, repayable in monthly instalments at an interest rate of					
6.670%		489		489	502
6.875%		9 597		9 597	9 812
8.000%			2 940	2 940	2 965
		10 086	2 940	13 026	13 279
Short-term advance					1 302
	15 013	297 530	159 136	471 679	482 533

The amounts of encashments receivable over the coming fiscal years on long-tem loans are as follows:

2001	8 813
2002	8 911
2003	9 602
2004	10 347
2005	11 150
	48 823
2006 to 2010	69 940
2011 to 2015	101 579
2016 to 2020	143 808
2021 to 2025	91 916
2026 to 2030	15 613
Total	471 679

5. CASH

Cash bears interest at the prime rate minus 1.5%. The rate at December 31, 2000 was 6%.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

6. LONG-TERM DEBT

	December 31, 2000	January 1, 2000
Canada Mortgage and Housing Corporation		
Bonds, 5.545% to 7.450%, repayable in monthly instalments, maturing from 2001 to 2005	730 442	744 228
Bond, 7.500%, repayable in annual or semi-annual instalments and redeemable in advance, maturing in 2007	398	440
Bonds, 6.87 % to 8.625%, repayable in annual or semi-annual instalments and redeemable in advance, maturing between 2019 and 2025	325 706	331 258
Bonds, 7.250% to 11%, repayable in annual or semi-annual instalments and redeemable in advance, maturing between 2026 and 2032	102 474	104 030
Bonds, 5.944%, repayable in annual instalments, maturing in 2014	1 470	1 536
Bonds, 5.944%, repayable in annual instalments, maturing between 2026 and 2032	328 933	333 293
Loan guaranteed by real estate mortgage, 7.875%, Repayable in monthly instalments, maturing in 2023	611	620
	1 490 034	1 515 405
Other		
Bonds, repayable in annual instalments and insured by the Canada Mortgage and Housing Corporation		
Series I, bearing interest at 10.500%, Maturing in 2002	94 287	96 127
Series H, bearing interest at 9.300%, Maturing in 2004	79 260	80 493
Series J, bearing interest at 10.750%, Maturing in 2008	153 492	156 354
Series K, bearing interest at 10.900%, Maturing in 2009	44 602	45 382
Series L, bearing interest at 11.375%, Maturing in 2010	118 626	119 613
Series M, bearing interest at 10.800%, Maturing in 2011	168 215	170 121
Series N, bearing interest at 8.950%, Maturing in 2013	186 233	188 735
Term loan, 6.670%, repayable in monthly instalments, maturing in 2004	488	499
	845 203	857 324
	2 335 237	2 372 729

6. LONG-TERM DEBT (cont'd)

All long-term debt items bear interest at fixed rates until maturity.

Assuming that refinancing would occur at term under the same conditions as when the financial statements were signed, the capital payments to make in the coming fiscal years on the long-term debt would be as follows:

2001	40 639
2002	43 887
2003	47 429
2004	51 256
2005	55 446
	238 657
2006 to 2010	353 007
2011 to 2015	510 557
2016 to 2020	562 780
2021 to 2025	501 968
2026 to 2032	168 268
Total	2 335 237

7. CAPITAL STOCK

During the year, in keeping with the Act respecting Immobilière SHQ (S.Q. 1999, c. 16), the retained earnings as at January 1, 2000 was remitted to the Minister of State for the Economy and Finance who underwrote them and paid Immobilière SHQ for 135 300 shares, bringing the capital stock issued and paid for to $13.5 million.

	December 31, 2000	January 1, 2000
Authorized 150 000 shares with a par value of $100 each		
Issued and paid up 135 300 shares	13 530	

8. RELATED PARTY TRANSACTIONS

During the year, Immobilière SHQ carried out transactions with related parties. The amount of these transactions and the resulting balances in the financial statement at year-end are as follows:

Société d'habitation du Québec	
Management fees	750
Société de gestion immobilière – SHQ	
Consideration payable by organizations for use of immoveables	2 608
Accounts receivable	432

8. RELATED PARTY TRANSACTIONS (cont'd)

Corporation d'hébergement du Québec	
Interest earned and other income	2 852
Loans	36 949
Interest accrued on loans	1 380

In addition to the related party transactions disclosed in its financial statements, measured at exchange value, Immobilière SHQ is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. Immobilière SHQ did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

9. FINANCIAL INSTRUMENTS

Credit risk

Immobilière SHQ's exposure to credit risk in relation to assets is limited, given the large number of organizations comprising its clientele. Moreover, most of these organizations receive subsidies from the Gouvernement du Québec.

Short-term borrowings

Immobilière SHQ is authorized to contract short-term borrowings from financial institutions and from the Financing Fund of the Gouvernement du Québec to a maximum of $500 million.

Any borrowing contracted in keeping with this authorization will bear interest at the rate negotiated when the loan is contracted, generally the prime rate minus 1.5%.

IMMOBILIÈRE SHQ

AUDITOR'S REPORT

To the Minister of State for the Economy and Finance

I have audited the opening balance sheet as at January 1, 2000 and the balance sheet as at December 31, 2000 of the Immobilière SHQ, and the statements of income, retained earning and cash flows for the year ended December 31, 2000. These financial statements are the responsibility of Immobilière SHQ. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Immobilière SHQ as at January 1 and as at December 31, 2000, and the results of its operations and cash flows for the year ended December 31, 2000 in accordance with generally accepted accounting principles in Canada.

Guy Breton, FCA
Auditor General of Québec

Québec, April 23, 2001

INSTITUT DE LA STATISTIQUE DU QUÉBEC
(R.S.Q., c. I-13.011)

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 2001

	2001	2000
REVENUE		
Gouvernement du Québec subsidies	$13 782 700	$11 798 200
Services rendered	5 227 480	5 077 439
Other revenue	179 425	119 903
	19 189 605	16 995 542
EXPENDITURE		
Salaries and fringe benefits	13 830 110	12 353 424
Professional fees	1 346 538	1 696 608
Rent	1 392 334	1 318 267
Purchase of statistical data	298 118	531 595
Computer services and supplies	560 810	511 889
Communications	395 954	324 768
Office expenses	271 324	264 542
Travel and accommodation expenses	269 975	237 404
Training costs	69 640	107 406
Printing costs – Questionnaire and publications	71 034	101 873
Depreciation of fixed assets	442 770	260 695
Amortization of deferred expenses		11 875
Other expenses	49 940	83 017
	18 998 547	17 803 363
EXCESS OF EXPENDITURE OVER REVENUE	191 058	(807 821)
DEFICIT, BEGINNING OF YEAR	(874 808)	(66 987)
DEFICIT, END OF YEAR	$(683 750)	$(874 808)

INSTITUT DE LA STATISTIQUE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$2 069 247	$159 769
Accounts receivable	1 466 109	1 794 753
Amounts receivable from the Gouvernement du Québec (Note 3)	266 199	1 476 231
Works in progress	337 056	152 467
Prepaid expenses	198 893	49 017
Inventory	21 045	5 940
	4 358 549	3 638 177
Amounts receivable from the Gouvernement du Québec (Note 3)	1 077 814	1 344 013
Fixed assets (Note 4)	1 945 995	813 292
	$7 382 358	$5 795 482
LIABILITIES		
Current liabilities		
Accounts payable	$1 067 244	$1 591 558
Client advances on service contracts	1 085 111	234 897
Deferred revenue	2 562 555	1 840 410
Vacation pay owing employees	1 234 815	1 118 831
	5 949 725	4 785 696
Provision for sick leave (Note 6)	2 116 383	1 884 594
DEFICIT	(683 750)	(874 808)
	$7 382 358	$5 795 482

Yvon Fortin
Director General

INSTITUT DE LA STATISTIQUE DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$191 058	$(807 821)
Adjustments for:		
Depreciation of fixed assets	442 770	260 695
Amortization of deferred expenses		11 875
Variation in the provision for sick leave	231 789	(2 894)
Loss on disposal of fixed assets	3 025	
	868 642	(538 145)
Variation in non-cash elements linked to operations		
Variation in accounts receivable	328 644	(81 138)
Increase in prepaid expenses	(149 876)	(29 086)
Variation in inventories	(15 105)	4 239
Gouvernement du Québec receivables	1 476 231	
Variation in accounts payable	(524 314)	886 522
Increase in advances from clients on service contracts	850 214	109 273
Increase in work under way	(184 589)	(134 738)
Variation in deferred revenue	722 145	(32 131)
Increase in vacation pay owing to employees	115 984	57 289
Cash flows provided by operating activities	3 487 976	242 085
INVESTMENT ACTIVITIES		
Cash flows used for investment activities		
Acquisition of fixed assets	(1 578 498)	(516 219)
INCREASE (DECREASE) IN CASH	1 909 478	(274 134)
CASH ON HAND, BEGINNING OF YEAR	159 769	433 903
CASH ON HAND, END OF YEAR	$2 069 247	$159 769

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Institut de la statistique du Québec was established by the Act respecting the Institut de la statistique du Québec (S.Q. 1998, c. 44). Its purpose is to supply reliable, objective statistical information on the situation in Québec regarding all aspects of Québec society for which such information is relevant.

2. ACCOUNTING POLICIES

The financial policies of the Institut were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Work in progress

Work in progress is assessed according to the headway that has been made.

Inventories

Publication inventories are evaluated at the lower of cost or market method.

Fixed Assets

Fixed assets are recorded at acquisition cost and are depreciated over their useful lives according to the straight-line method and at the following rates:

	Rate
Leasehold improvements	10%
Furniture	20%
Equipment	33 1/3%
Data processing equipment	33 1/3%
Computer development	20%
Software	33 1/3%
Telephone system	33 1/3%

Pension plans

The accounting procedure used for defined contribution plans is applied to interentreprise government defined benefit plans, given that the Institut lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. AMOUNTS RECEIVABLE FROM THE GOUVERNEMENT DU QUÉBEC

Amounts receivable from the Gouvernement du Québec bear no interest. The $1 077 814 (2000: $1 344 013) portion of the long-term debt will be recovered over five years at a rate of $266 200 per year.

4. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Leasehold improvements	$268 716	$25 738	$242 978	$138 005
Furniture	172 924	26 875	146 049	43 914
Equipment	29 189	3 746	25 443	910
Data processing equipment	927 102	390 421	536 681	277 471
Computer development	1 027 038	231 720	795 318	335 621
Software	98 226	23 801	74 425	17 371
Telephone system	125 101		125 101	
	$2 648 296	$702 301	$1 945 995	$813 292

Acquisitions of immoveables classified under: "Computer development" and "Telephone system" and recorded at a cost of $700 658 were not amortized during the year. The development work was not completed and the telephone system was not yet operational when the fiscal year closed.

5. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Institut is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Institut did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

6. FUTURE FRINGE BENEFITS

Pension plans

The staff members of the Institut participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Institut's contributions charged to the year-end statement amount to $414 944 (2000: $532 536). The liability of the Institut towards the Government plans is restricted to its contributions as an employer.

Provision for sick leave

	2001	2000
Opening balance	$1 884 594	$1 887 488
Charge for the year	414 219	223 054
Benefits paid during the year	182 430	225 948
Closing balance	$2 116 383	$1 884 594

INSTITUT DE LA STATISTIQUE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Institut de la statistique du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. . All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Institut de la statistique du Québec recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Institut's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

Yvon Fortin
Director General

Québec, September 14, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Institut de la statistique du Québec as at March 31, 2001 and the statements of revenue, expenditure and deficit and of cash flows for the year then ended. These financial statements are the responsibility of the Institut's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institut as at March 31, 2001 and the results of its operations and its cash flows for the year ended March 31, 2001 in accordance with the generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Compliance of operations with the Institut's incorporating act

Under section 38 of its incorporating act, the Institut may not make payments or assume obligations, except where stipulated by the act, whose cost, in a given fiscal year, exceeds the amounts available to it for the year during which these payments are made or these obligations are assumed.

The $683 750 deficit for the fiscal year ended March 31, 2001 shows that the Institut made payments or assumed obligations whose cost exceeded the amounts available to it for fiscal 2000-2001. None of the exceptions stipulated in the act applied; the Institut contravened its incorporating act.

Guy Breton, FCA
Auditor General of Québec

Québec, September 14, 2001

INSTITUT DE POLICE DU QUÉBEC
(R.S.Q., c. O-8.1)

REVENUE AND EXPENDITURE
for the year ended June 30, 2000

	2000	1999 (Note 3)
REVENUE		
Contributions from police forces	$7 986 832	$7 963 143
Lodging (Note 4)	2 545 213	2 592 126
Enrolment (Note 4)	2 565 441	2 647 052
Interest	81 588	88 740
Other	150 097	123 970
	13 329 171	13 415 031
EXPENDITURE		
Salaries and fringe benefits (Note 5)	8 675 089	8 231 451
Transportation and communications	198 688	270 808
Professional services	404 855	353 638
Maintenance and repairs	115 094	112 197
Rent	1 944 781	2 238 962
Rental of lodgings and other	158 003	147 989
Material and teaching materials (Note 6)	950 884	990 714
Furniture and equipment	193 484	387 764
Bank charges	5 174	13 172
Depreciation of fixed assets	427 182	372 034
	13 073 234	13 118 729
EXCESS OF REVENUE OVER EXPENDITURE	$255 937	$296 302

EQUITY
for the year ended June 30, 2000

	2000	1999
OPENING BALANCE	$1 806 468	$1 438 402
Adjustment		
Accumulated vacation time and sick leave (Note 3)	836 051	764 287
Adjusted opening balance	970 417	674 115
Excess of revenue over expenditure	255 937	296 302
CLOSING BALANCE	1 226 354 $	970 417

INSTITUT DE POLICE DU QUÉBEC

BALANCE SHEET
as at June 30, 2000

	2000	1999 (Note 3)
ASSETS		
Current assets		
Cash on hand	$3 991 819	$3 539 262
Accounts receivable	1 601 093	1 446 618
Police force contribution receivable	2 852 908	2 789 885
Inventory	45 887	27 941
	8 491 707	7 803 706
Fixed assets (Note 7)	1 193 283	1 118 848
	$9 684 990	$8 922 554
LIABILITIES		
Current liabilities		
Accounts payable and accruals		
Wages payable	$378 580	$93 548
Other	661 211	745 567
Provision for vacation time	386 245	362 989
Deferred revenue (Note 8)		
Police force contributions	6 169 712	5 949 947
Other	381 333	327 024
	7 977 081	7 479 075
Provision for sick leave	481 555	473 062
	8 458 636	7 952 137
EQUITY	1 226 354	970 417
	$9 684 990	$8 922 554

On behalf of the Board of Directors,
Robert Nelson, President- Board of Directors
Louise Gagnon-Gaudreau, Director General

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

---

1. CONSTITUTION AND PURPOSE

The Institut de police du Québec was established under the Act respecting police organization (R.S.Q., c. 0-8.1) to contribute, through instruction and research, to the training and development of Québec police officers.

2. ACCOUNTING POLICIES

The financial policies of the Institut were prepared by management on the accrual basis in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgements. The statement of cash flows is not shown as it would not provide any useful supplementary information regarding the Institut's cash flow during the year.

Inventory

Publications, food items and ammunition are valued according to the specific identification method.

Fixed Assets

Fixed assets are recorded at cost and depreciated on a straight-line basis at the following periods:

Furniture and equipment	5 years
Automotive equipment	5 years
Leasehold improvements	5 years
Computer equipment and software	3 years

3. CHANGES IN ACCOUNTING POLICIES

Beginning this fiscal year, the obligations resulting from vacation time and sick leave accumulated by Institut employees at year-end are recorded as liabilities.

The annual change in these liabilities is posted to the expenditures for the fiscal year. Previously, these expenses were posted to operations in the fiscal year during which the employees used this time.

The retroactive application of this modification results in an increase (decrease) in the following financial statement items:

	2000	1999
REVENUE AND EXPENDITURE		
Salaries and fringe benefits	$31 749	$71 764
Excess of revenue over expenditure	(31 749)	(71 764)
BALANCE SHEET		
Provision for vacation time	386 245	362 989
Provision for sick leave	481 555	473 062
Equity	(867 800)	(836 051)

4. REVENUE - LODGING AND ENROLMENT

	Lodging		Enrolment	
	2000	1999	2000	1999
Basic training for police personnel	$1 371 200	$1 389 641	$997 161	$1 097 474
Specialized training and advancement courses for police personnel	932 664	935 722	1 166 195	1 119 820
Room rental	222 491	241 342		
Assessment centre for police personnel	18 858	25 421	402 085	429 758
	$2 545 213	$2 592 126	$2 565 441	$2 647 052

5. EXPENDITURE - SALARIES AND FRINGE BENEFITS

	2000	1999
Police officers – Sûreté du Québec	$397 409	$510 127
Municipal police officers	1 151 504	1 193 839
Instructors and lecturers	573 919	327 531
Other employees	6 552 257	6 199 954
	$8 675 089	$8 231 451

6. MATERIAL AND TEACHING MATERIALS

	2000	1999
Ammunition, shooting targets	$140 313	$130 543
Gasoline, tires and automobile accessories	84 314	72 295
Stationery, office supplies and articles	98 796	116 558
Computer and audiovisual supplies	43 463	41 421
Teaching materials, books and periodicals	90 122	113 055
Foodstuffs and kitchen supplies	351 378	354 330
Fabric and clothing	119 904	133 074
Dwelling and maintenance supplies, promotional items	22 594	29 438
	$950 884	$990 714

7. FIXED ASSETS

	2000			1999
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	$1 085 580	$606 991	$478 589	$405 146
Automotive equipment	1 046 790	624 479	422 311	393 095
Leasehold improvements	551 085	392 569	158 516	193 924
Computer equipment and software	398 282	264 415	133 867	126 683
	$3 081 737	$1 888 454	$1 193 283	$1 118 848

Acquisitions of fixed assets totalled $501 617 (1999: $299 906).

8. DEFERRED REVENUE

The revenue deferred in relation to contributions of police forces represents the portion of the total contribution that will be earned in the following fiscal year.

Other deferred revenue comprises primarily dwelling income received in advance for the basic police-training program.

9. PENSION PLANS

The staff members of the Institut participate in the Government and Public Employees Retirement Plan (RREGOP), the Civil Service Superannuation Plan (CSSP) or the Superannuation Plan for the Members of the Sûreté du Québec (SPMSQ). These are defined benefit plans and include guaranteed payments upon retirement and death.

The Institut assumes employer contributions for members of its staff who were released by the Sûreté du Québec and who contribute to the SPMSQ. Employer contributions assumed by the Institut and charged to the year-end statement amount to $258 208 (1999: $324 866). The liability of the Institut towards these Government plans is restricted to its contributions as an employer.

10. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Institut is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Institut did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

11. COMPARATIVE FIGURES

Certain 1999 figures were reclassified for consistency with the presentation adopted in 2000.

INSTITUT DE POLICE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Institut de police du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Institut de police du Québec recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors, through its audit committee, must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Institut's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Louise Gagnon-Gaudreau
Director General

Daniel Jean, CMA
Director, Administration

Nicolet, September 1, 2000

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Institut de police du Québec as at June 30, 2000, and the statements of revenue and expenditure and of equity for the year then ended. These financial statements are the responsibility of the Institut's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institut as at June 30, 2000, and the results of its operations and the cash flows for the year then ended in accordance with the generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in the accounting treatment of the obligations resulting from accumulated vacation time and sick leave disclosed in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, September 1, 2000

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC
(R.S.Q., c. I-13.02)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended June 30, 2000

	2000	1999
REVENUE		
Subsidy from the Gouvernement du Québec (Note 3)	$15 397 574	$14 931 282
Retraining, vocational upgrading and customized training	312 967	665 978
Regular instruction	360 244	457 664
Food services	1 731 708	1 561 628
Lodging	1 185 567	1 103 181
Interest on investments	296 320	232 784
Professional services	684 406	359 698
Other revenue	425 803	506 207
	20 394 589	19 818 422
EXPENDITURE		
Salaries and fringe benefits	11 165 995	10 759 555
Education and administrative supplies	2 034 704	2 229 185
Maintenance and repairs	1 252 066	1 277 464
Ancillary services	1 262 506	1 161 503
Financial expenses	327 190	332 975
Property and other taxes	917 226	917 030
Instructors, lecturers and student assistance	1 126 936	1 016 979
Communications and travelling	444 394	510 342
Other administrative expenses	198 530	243 165
Depreciation of fixed assets	1 358 138	1 433 070
	20 087 685	19 881 268
EXCESS OF REVENUE OVER EXPENDITURE	306 904	(62 846)
SURPLUS, BEGINNING OF YEAR	932 764	995 610
SURPLUS, END OF YEAR	$1 239 668	$932 764

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC

BALANCE SHEET
as at June 30, 2000

	2000	1999
ASSETS		
Current assets		
Cash on hand	$370 730	$1 032 099
Short-term investments, at cost (Note 4)	1 717 343	324 863
Accounts receivable and accrued interest (Note 5)	714 856	789 037
Inventory (Note 6)	314 187	302 308
Prepaid expenses	627 597	560 327
Subsidy receivable from the Gouvernement du Québec (Note 3)	1 955 950	1 354 035
Investments, at amortized cost (Note 7)	2 931 847	
	8 632 510	4 362 669
Subsidy receivable from the Gouvernement du Québec (Note 3)		505 875
Investments, at amortized cost (Note 7)		2 040 770
Deferred expenses	5 562	12 978
Fixed assets (Note 8)	11 306 678	11 382 804
	$19 944 750	$18 305 096
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$4 986 941	$3 587 541
Instalments on long-term debt (Note 10)	2 698 000	
	7 684 941	3 587 541
Deferred contributions (Note 9)	10 368 414	10 435 064
Long-term debt (Note 10)		2 698 000
	18 053 355	16 720 605
EQUITY		
Contribution from the Gouvernement du Québec	651 727	651 727
Surplus	1 239 668	932 764
	1 891 395	1 584 491
	$19 944 750	$18 305 096

COMMITMENTS (Note 11)

On behalf of the Board of Directors,
Richard Payette, President of the Board of Directors
Robert Gagnon, Vice-President of the Board of Directors
and President of the Audit Committee

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC

CASH FLOWS
for the year ended June 30, 2000

	2000	1999
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$306 904	$(62 846)
Adjustments for:		
Depreciation of fixed assets	1 358 138	1 433 070
Transfer of deferred contributions	(66 650)	(572 522)
Amortization of premiums on purchase of investments	93 604	24 060
Amortization of deferred expenses	7 416	7 417
Loss on disposal of fixed assets		3 444
	1 699 412	832 623
Change in non-cash items related to operations		
Change in accounts receivable and accrued interest	74 181	(253 747)
Increase in inventory	(11 879)	(31 484)
Increase in prepaid expenses	(67 270)	(26 880)
Variation in subsidy receivable	(96 040)	622 440
Increase in accounts payable and accruals	1 399 400	1 106 636
Cash flows provided by operating activities	1 298 392	1 416 965
	2 997 804	2 249 588
INVESTMENT ACTIVITIES		
Acquisitions of fixed assets	(1 284 148)	(952 246)
Acquisition of long-term investments	(11 657 345)	(10 635 264)
Sale of long-term investments	10 674 800	9 991 973
Cash flows used for in investment activities	(2 266 693)	(1 595 537)
INCREASE IN CASH AND CASH EQUIVALENTS	731 111	654 051
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	1 356 962	702 911
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 14)	$2 088 073	$1 356 962

1. CONSTITUTION AND PURPOSE

The Institut de tourisme et d'hôtellerie du Québec is a corporation established under a special act (R.S.Q., c. I-13.02) to provide vocational training in the fields of hotel management, restaurant services and tourism, and to conduct research, supply technical assistance, produce information and provide services in those fields.

Sums received by the Institut must be used to discharge its obligations and, at the Government's request, the balance must be paid into the Consolidated Revenue Fund.

2. ACCOUNTING POLICIES

The financial statements of the Institut were prepared by management on the accrual basis in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgements.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is calculated according to the first in, first out (FIFO) method.

Deferred Expenses

Bond discounts and issue expenses on the long-term debt are deferred and amortized according to the straight-line method over the term of the borrowings.

Fixed Assets

Fixed assets are recorded at cost and depreciated over their estimated useful life according to the straight-line method at the following annual rates:

Building and permanent leasehold improvements	4% and 10%
Kitchen equipment and technical material	10%
Furnishings and layout	10%
Computer equipment and software	20%

Deferred contributions

Contributions for the acquisition of fixed assets that can be amortized are deferred and transferred to revenues using the same method and rates as those used to amortize the fixed assets to which they correspond.

3. SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC

	2000	1999
Received	$15 259 584	$14 953 400
Receivable at the end of the fiscal year:		
Long-term debt related to fixed assets	505 875	1 180 375
Operations	723 300	545 275
Fixed assets	726 775	134 260
Deferred from the previous year:		
Deferred contributions – fixed assets	10 207 464	10 807 786
Amounts carried forward	$27 422 998	$27 621 096

NOTES TO FINANCIAL STATEMENTS (cont'd)
June 30, 2000

---

3. SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC (cont'd)

	2000	1999
Amounts brought forward	$27 422 998	$27 621 096
Receivable at the beginning of the fiscal year:		
Long-term debt related to fixed assets	1 180 375	2 023 500
Operations	545 275	424 875
Fixed assets	134 260	33 975
Deferred to the following year:		
Deferred contributions – fixed assets	10 165 514	10 207 464
	12 025 424	12 689 814
	$15 397 574	$14 931 282

4. SHORT-TERM INVESTMENTS

Short-term investments are composed of deposits that can be cashed at any time and bear interest at a rate of 5.75%.

5. ACCOUNTS RECEIVABLE AND ACCRUED INTEREST

	2000	1999
Tax refund receivable	$67 601	$75 394
Retraining, vocational upgrading and customized education	168 969	73 230
Regular instruction	5 113	215 545
Lodging and food services	245 631	173 879
Accrued interest on investments	58 659	36 825
Other	168 883	214 164
	$714 856	$789 037

6. INVENTORY

	2000	1999
Small kitchen equipment	$97 240	$111 320
Maintenance supplies and tools	98 685	96 444
Food and beverages	118 262	94 544
	$314 187	$302 308

7. INVESTMENTS

Investments comprise bonds maturing in 2001 and bearing interest at fixed rates varying from 4.5% to 11%. Their market value on June 30, 2000 was $2 973 774 ($2 032 536 in 1999). Investments are presented at amortized cost since the Institut foresees receiving the face value of these certificates when they mature. Proceeds from their sale will be used to repay the long-term debt expiring in 2001.

In August 1999, the Institut received $40 000 from a foundation to administer a scholarship program for student internships. At June 30, 2000, the amount $41 531 was included in investments. This amount comprises capital and interest income. At June 30, 2000, no scholarship had yet been paid.

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
June 30, 2000

---

8. FIXED ASSETS

	2000			1999
	Cost	Accumulated Depreciation	Net	Net
Building and permanent leasehold improvements *	$18 952 284	$8 963 850	$9 988 434	$10 411 266
Kitchen equipment and technical material *	1 096 875	402 672	694 203	284 591
Furnishings and layout	555 076	265 703	289 373	340 477
Computer equipment and software *	1 037 250	702 582	334 668	346 470
	$21 641 485	$10 334 807	$11 306 678	$11 382 804

* Immoveables includes unamortized projects under way $216 483.

In March 2000, the Institut submitted a preliminary report on the building's re-qualification to the Government for approval. When these financial statements were published, this report was still being studied. In the next fiscal year, the Institut will have more information on the components of this project.

During this fiscal year, the Government planned to use an initial $1 800 000 from its budget allowance to finance renovation and modernization of the Institut's building and facilities. At June 30, 2000, work costing $724 489 has been done.

9. DEFERRED CONTRIBUTIONS

Deferred contributions include the non-amortized portion of the contributions received for fixed assets in the form of subsidies from the Gouvernement du Québec or other agencies.

	2000	1999
Gouvernement du Québec		
Opening balance	$10 207 464	$10 807 786
Subsidy from the Gouvernement du Québec	1 146 336	673 863
Amortization of the deferred contribution	(1 188 286)	(1 274 185)
Closing balance	10 165 514	10 207 464
Other		
Opening balance	227 600	199 800
Contribution		50 000
Amortization of the deferred contribution	(24 700)	(22 200)
Closing balance	202 900	227 600
	$10 368 414	$10 435 064

NOTES TO FINANCIAL STATEMENTS (cont'd)
June 30, 2000

---

10. LONG-TERM DEBT

	2000	1999
Bonds guaranteed by the Gouvernement du Québec and non-redeemable in advance:		
Series "1", 10.50%, maturing March 27, 2001	$2 698 000	$2 698 000
Payment on the long-term debt maturing in the short term	2 698 000	
Balance at June 30		$2 698 000

11. COMMITMENTS

The Institut is committed, under various fixed asset acquisitions contracts, to an amount of $194 554 for the next fiscal year.

12. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Institut is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Institut did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

13. PENSION PLAN

The staff members of the Institut participate in the Government and Public Employees Retirement Plan (RREGOP). This is a defined benefit plan and includes guaranteed payments upon retirement and death.

The Institut's contributions charged to the year-end statement amount to $410 620 (1999: $475 594). The liability of the Institut towards this Government plan is restricted to its contributions as an employer.

14. CASH FLOWS

The cash and cash equivalents shown in the cash flow statement include the following amounts recorded in the balance sheet:

	2000	1999
Cash on hand	$370 730	$1 032 099
Short-term investments	1 717 343	324 863
	$2 088 073	$1 356 962

Interest paid by the Institut during the fiscal year totalled $283 290 (1999: $283 290).

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Institut de tourisme et d'hôtellerie were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Institut recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Institut's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Christine Martel
Director General

Julien Girard, CGA
Director, Financial Resources
and Procurement

Montréal, September 1, 2000

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Institut de tourisme et d'hôtellerie du Québec as at June 30, 2000, and the statements of revenue and expenditure and surplus and of cash flows for the year then ended. These financial statements are the responsibility of the Institut's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institut as at June 30, 2000, and the results of its operations and its cash flows for the year then ended in accordance with the generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, September 1, 2000

INSTITUT NATIONAL DE SANTÉ PUBLIQUE DU QUÉBEC
(R.S.Q., c. I-13.1.1)

INCOME
for the period ended March 31, 2001

	2001			2000		
	Regular activities	Special projects	Total	Regular activities	Special projects	Total
REVENUE						
Gouvernement du Québec subsidy (Note 3)	$17 726 567	$4 157 999	$21 884 566	$5 600 935	$255 351	$5 856 286
Government of Canada subsidy		460 423	460 423		208 701	208 701
Other subsidies	53 310	190 508	243 818	51 349	95 600	146 949
Sales of services	613 375	1 343 993	1 957 368	428 642	1 011 924	1 440 566
Amortization of deferred contributions	402 179		402 179	130 028		130 028
Interest	249 466		249 466	62 761		62 761
Contribution from a health and social services network establishment (Note 4)	157 519		157 519			
	19 202 416	6 152 923	25 355 339	6 273 715	1 571 576	7 845 291
EXPENDITURE						
Salaries and fringe benefits	10 576 918	2 008 445	12 585 363	2 854 038	433 128	3 287 166
Medical and laboratory supplies	1 322 725	1 590 817	2 913 542	95 355	47 078	142 433
Contribution to operating expenses of the national public health component of the health and social services network	1 980 306		1 980 306	1 202 899		1 202 899
Rent	1 383 801		1 383 801	195 331		195 331
Professional and Administrative services	681 481	464 420	1 145 901	176 232	118 689	294 921
Debt write-off (Note 5)	854 040	109 182	963 222			
Depreciation of fixed assets	509 215	28 577	537 792	194 822		194 822
Office expenses	300 048	74 302	374 350	58 936	10 780	69 716
Support for expertise	329 574		329 574	593 367		593 367
Travel expenses	259 717	36 847	296 564	112 379	9 028	121 407
Telecommunications	240 415	1 241	241 656	45 524	402	45 926
Maintenance and repairs	204 902	25 284	230 186	29 598	12 545	42 143
Documentation	225 984	274	226 258	159 193	32	159 225
Training	73 010	11 896	84 906	8 068	1 613	9 681
Automotive equipment	67 394		67 394	39 398	123	39 521
Committee operation fees	25 668	14 088	39 756	6 049	1 330	7 379
Insurance	8 331		8 331	5 032		5 032
Interest and bank charges	7 815	165	7 980	2 791		2 791
Equipment rental	3 604	992	4 596	4 170		4 170
Organization of a public health convention				428 665		428 665
	19 054 948	4 366 530	23 421 478	6 211 847	634 748	6 846 595
EXCESS OF REVENUE OVER EXPENDITURE	$147 468	$1 786 393	$1 933 861	$61 868	$936 828	$998 696

INSTITUT NATIONAL DE SANTÉ PUBLIQUE DU QUÉBEC

SURPLUS
for the year ended March 31, 2001

	2001	2000
UNAPPROPRIATED SURPLUS		
Opening balance	$95 389	$33 521
Surplus of proceeds over regular activity costs for the fiscal year	147 468	61 868
Closing balance	$242 857	$95 389
APPROPRIATED SURPLUS (Note 6)		
Opening balance	$2 481 810	
Contributions attributable to assets transferred following cessation of the activities of the health and social services network		$1 544 982
Surplus of proceeds over special projects costs for the fiscal year	1 786 393	936 828
Closing balance	$4 268 203	$2 481 810

INSTITUT NATIONAL DE SANTÉ PUBLIQUE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$5 353 227	$2 318 824
Accounts receivable (Note 7)	2 336 318	2 168 906
Deposits on acquisition of assets	429 260	
Prepaid expenses	24 540	1 987
Supply stock– at cost	154 966	
	8 298 311	4 489 717
Fixed assets (Note 8)	1 912 085	1 018 018
	$10 210 396	$5 507 735
LIABILITIES		
Current liabilities		
Accounts payable and accruals (Note 9)	$3 928 085	$1 766 267
Provision for sick leave (Note 12)	512 317	275 804
Deferred contributions	1 258 934	888 465
	5 699 336	2 930 536
SURPLUS		
Unappropriated surplus	242 857	95 389
Appropriated surplus	4 268 203	2 481 810
	4 511 060	2 577 199
	$10 210 396	$5 507 735

SUBSEQUENT EVENTS (note 10)

On behalf of the Board of Directors,
Louis-Étienne Bernard
André Beauchamp

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. CONSTITUTION AND PURPOSE

The Institut, established by the Act respecting the Institut national de santé publique du Québec (R.S.Q., chapter I-13.1.1) is a legal person and agent of the State. Its mission is to support the Minister of Health and Social Services and the regional boards established under the Act respecting health services and social services (R.S.Q., chapter S-4.2) in fulfilling their public health mission. Since September 12, 1999, the Institut took over the activities of the Centre de toxicologie du Québec, the Service provincial de dépistage par laboratoire and the Centre anti-poison and, since April 1, 2000, the Laboratoire de santé publique du Québec.

2. ACCOUNTING POLICIES

The financial statements of the Institut were prepared by management in accordance with generally accepted auditing principles in Canada. These statements include amounts based on best estimates and judgements. The cash flows statement is not shown as it would not provide any useful supplementary information regarding the Institut's cash flow during the year.

Fixed Assets

Fixed assets are recorded at cost and depreciated over their useful lives on a straight-line basis at the following rates:

Specialized equipment	10 to 20%
Automotive equipment	10 to 66 2/3%
Computer equipment	20 to 66 2/3%
Furnishings and equipment	20 to 40%
Leasehold improvements	20 %

Deferred contributions

Contributions received for acquisition or in the form of amortizable fixed assets are deferred and transferred to proceeds using the same method and the same rates as those used for to amortize the fixed assets to which they refer.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Institut lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. GOUVERNEMENT DU QUÉBEC SUBSIDY

	2001	2000
Operation	$17 676 567	$5 311 747
Special projects	4 157 999	255 351
Other	50 000	64 288
Organization of a public health convention		224 900
	$21 884 566	$5 856 286

4. CONTRIBUTION FROM A HEALTH AND SOCIAL SERVICES NETWORK ESTABLISHMENT

When the Laboratoire de santé publique du Québec ceased its activities on April 1, 2000, the Institut received a supply stock worth $157 519 as a contribution from a health and social services network establishment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
March 31, 2001

5. DEBT WRITE-OFF

The Institut wrote off debts of $963 222 receivable from establishments and for banks of sick leave and vacation time for employees transferred when health and social services network activities ceased.

6. APPROPRIATED SURPLUS

The Board of Directors of the Institut decided to appropriate the surplus for carrying out special projects to its development, notably to supplement the financing of immovables, infrastructure and special projects related directly to its mission, when technically possible, and without compromising the activities of the projects under way.

7. ACCOUNTS RECEIVABLE

	2001	2000
Gouvernement du Québec	$1 711 949	$1 065 245
Regional boards and health and social services network establishments	265 643	697 655
Other	358 726	406 006
	$2 336 318	$2 168 906

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Specialized equipment	$1 912 406	$385 836	$1 526 570	$783 164
Computer equipment	498 757	303 831	194 926	153 962
Automotive equipment	48 800	17 599	31 201	36 658
Furnishings and equipment	171 500	52 452	119 048	44 234
Leasehold improvements	44 822	4 482	40 340	
	$2 676 285	$764 200	$1 912 085	$1 018 018

Contributions received in the form of amortizable fixed assets at the time of the cessation of the activities of the health and social services network totalled $582 648 (2000: $1 018 493). Acquisitions totalled $849 211 (2000: $130 339), of which $456 604 (2000: $95 014) was disbursed during the fiscal year. An amount of $35 325 was disbursed during the year for acquisitions dating from the previous fiscal year.

9. ACCOUNTS PAYABLE AND ACCRUALS

	2001	2000
Gouvernement du Québec	$145 016	$99 338
Regional boards and health and social services network establishments	1 046 174	448 136
Other	2 736 895	1 218 793
	$3 928 085	$1 766 267

10. SUBSEQUENT EVENTS

On May 8, 2001, the Gouvernement du Québec authorized an expansion project designed to provide a greater level of security for the Laboratoire de santé publique du Québec, to be delivered in early 2003. On July 3, 2001, the Gouvernement du Québec also authorized a project to group together the Institut's Québec City-based staff into a single real estate solution to be delivered around June 2002. When completed, the two projects will have an annual financial impact of approximately $2.1 M on the Institut's rental costs.

11. RELATED PARTY TRANSACTIONS

The assets transferred from the health and social services network have been recorded at book value. In addition to the related party transactions disclosed in its financial statements, the Institut is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Institut did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

12. AVANTAGES SOCIAUX FUTURS

Pension plans

The staff members of the Institut participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Institut's contributions charged to the year-end statement amount to $332 260 (2000: $88 440). The liability of the Institut towards the Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave

	2001	2000
Opening balance	$275 804	
Transfer after health and social services network activities ceased	245 746	$289 281
Charge for the year	239 062	52 168
Benefits paid during the year	(248 295)	(65 645)
Closing balance	$512 317	$275 804

13. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

INSTITUT NATIONAL DE SANTÉ PUBLIQUE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Institut national de santé publique du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Institut recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Institut's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the Board of Directors to discuss any element concerning his audit.

Louis-Étienne Bernard
President and Chief Executive Officer

Québec, July 19, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Institut national de santé publique du Québec as at March 31, 2001 and the statements of income and surplus for the year then ended. These financial statements are the responsibility of the Institut's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institut as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year

Guy Breton, FCA
Auditor General of Québec

Québec, July 19, 2001

INVESTISSEMENT-QUÉBEC
(R.S.Q., c. I-16.1)

CONSOLIDATED STATEMENT OF INCOME
for the year ended March 31,
(in thousands of dollars)

	2001	2000
Interest income and interest contribution from the Government of Québec (Note 15)	71 569	84 923
Risk premiums – Government of Québec	13 637	12 656
Risk premiums – client companies		
Stock options	2 630	4 670
Others	6 290	1 555
Guarantee fees	6 603	5 118
Commitment fees	5 100	4 845
Gain on disposal of shares		1 159
Other income	821	892
	106 650	115 818
Interest charges (Note 16)	(54 615)	(68 404)
Fees – financial intermediaries	(57)	
NET INCOME BEFORE PROVISION FOR LOSSES AND THE FOLLOWING ITEMS	51 978	47 414
Provision for losses (Note 8)	(54 237)	(38 498)
Provision for losses recoverable from the Government of Québec (Note 8)	12 880	38 962
NET INCOME BEFORE THE FOLLOWING ITEMS	10 621	47 878
Non-repayable financial contributions	(164 460)	(117 965)
Non-repayable financial contributions assumed by the Government of Québec	164 460	117 965
Operating and administrative expenses (Note 17)	(34 723)	(27 903)
Administration fees – Government of Québec	26 034	23 869
Other expenses	(354)	(350)
NET INCOME BEFORE SHARE OF INCOME FROM AN AFFILIATED COMPANY	1 578	43 494
Share of income from an affiliated company	(15)	
NET INCOME	1 563	43 494
SURPLUS AT THE BEGINNING	95 378	51 884
SURPLUS AT THE END	96 941	95 378

The notes are an integral part of the financial statements.

INVESTISSEMENT-QUÉBEC

CONSOLIDATED BALANCE SHEET
as at March 31,
(in thousands of dollars)

	2001	2000
ASSETS		
Cash		1 491
Temporary investments	250	
Investments (Note 3)	1 311	100
Loans, less accumulated provision for losses (Notes 4 and 8)	661 348	694 097
Shares, less accumulated provision for losses (Notes 5 and 8)	70 758	75 308
Units, less accumulated provision for losses (Notes 6 and 8)	19 864	16 319
Accumulated provision for losses recoverable from the Government of Québec (Note 8)	175 032	191 990
Fixed assets (Note 9)	6 049	6 022
Other assets (Note 10)	70 512	43 570
TOTAL ASSETS	1 005 124	1 028 897
LIABILITIES AND EQUITY		
LIABILITIES		
Bank overdraft	32 284	
Short-term debt (Note 11)	221 500	175 500
Long-term debt (Note 12)	489 916	594 791
Interest due and accrued on debt (Note 13)	11 008	12 436
Accumulated provision for losses on guarantees (Notes 7 and 8)	102 592	101 972
Other liabilities (Note 14)	17 939	15 876
	875 239	900 575
EQUITY		
Initial equity	32 944	32 944
Surplus	96 941	95 378
	129 885	128 322
TOTAL LIABILITIES AND EQUITY	1 005 124	1 028 897
GUARANTEES, LESS ACCUMULATED PROVISION FOR LOSSES (Notes 7 and 8)	601 284	489 096

The notes are an integral part of the financial statements.

On behalf of the Board of Directors,
Louis L. Roquet, President and Chief Executive Officer
Jean Pronovost, Chairman of the Board

INVESTISSEMENT-QUÉBEC

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended March 31,
(in thousands of dollars)

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	1 563	43 494
Adjustments for:		
Amortization of long-term debt discount and issue expenses	75	225
Amortization of investment discount	(10)	
Gain on disposal of shares		(1 159)
Deferred income payments	(192)	(192)
Provision for losses	54 237	38 498
Provision for losses recoverable from the Government of Québec	(12 880)	(38 962)
Depreciation of fixed assets	1 482	1 223
Share of income from an affiliated company	15	
	44 290	43 127
Changes in non-cash items related to operating activities (Note 18)	(37 916)	(34 791)
	6 374	8 336
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	(1 216)	
Net decrease of loans	21 033	191 368
Net decrease of shares	4 513	43 012
Net increase of units	(3 845)	(6 247)
Acquisition of fixed assets	(1 509)	(1 862)
	18 976	226 271
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase of short-term debt	46 000	36 000
Long-term debt	1 600	
Repayment of long-term debt	(106 475)	(269 668)
	(58 875)	(233 668)
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	(33 525)	939
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1 491	552
CASH AND CASH EQUIVALENTS AT END OF YEAR	(32 034)	1 491
CASH AND CASH EQUIVALENTS		
Cash (bank overdraft))	(32 284)	1 491
Temporary investments	250	
	(32 034)	1 491
ADDITIONAL INFORMATION		
Interest paid	55 754	73 874

The notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at March 31, 2001
(in thousands of dollars)

1. INCORPORATING LEGISLATION AND NATURE OF ACTIVITIES

Investissement-Québec is a public law legal entity incorporated and governed under the Act respecting Investissement-Québec and Garantie-Québec (R.S.Q., c. I-16.1).

Investissement-Québec's mission is to promote investment growth in Québec. It centralizes and consolidates Government action in research, promotion and support for investment. It strives not only to stimulate domestic investment, but also to attract outside investors by promoting Québec as an excellent place for investment. Investissement-Québec also participates in the growth of businesses by facilitating research and development as well as exports. By lending its support to companies already established here, it works to retain current investment in Québec. It can also offer companies and government departments, agencies and corporations a variety of technical services, particularly in the fields of financial analysis, credit arrangement and portfolio management. Investissement-Québec administers the financial assistance programs developed by the Government with regard to investment. The Corporation also administers the Act respecting Québec Business Investment Companies (R.S.Q., c. S-29.1), and fulfils any mandate assigned to it by the Government under section 28 of its incorporating statute.

The purpose of Garantie-Québec, a wholly owned subsidiary of Investissement-Québec, is to facilitate the financing of Québec companies, mainly by guaranteeing the financial commitments they make to financial institutions. Garantie-Québec can also provide other forms of financial assistance, notably to boost investment by small and medium-sized businesses or to support their R&D and export projects. It also administers the financial assistance programs stemming from the Act respecting assistance for the development of cooperatives and non-profit legal persons (R.S.Q., c. A-12.1).

Section 46 of the Act respecting Investissement-Québec and Garantie-Québec states that the Corporation shall establish a business plan according to the form, content and frequency determined by the Government of Québec. This plan was approved on July 7, 1999 (Order-in-Council # 827-99) and ends on March 31, 2001. A new business plan is being developed.

2. MAIN ACCOUNTING POLICIES

The consolidated financial statements of the Corporation were prepared by Management according to the accrual accounting method and the accounting policies disclosed below. These financial statements include amounts based on best judgments and estimates.

The consolidated financial statements comprise the financial statements of Investissement-Québec and those of its wholly owned subsidiaries: Garantie-Québec, IQ Immigrants Investisseurs Inc., 9037-6179 Québec Inc., and 9071-2076 Québec Inc.

Cash and Cash Equivalents

The Corporation presents, under cash and cash equivalents, its cash and bank overdraft as well as temporary investments maturing no later than three months following their acquisition date.

Investments

Promissory notes are recorded at cost. Interest income is recorded using the accrual method of accounting. Discounts on promissory notes are charged to the statement of income according to the effective interest method until maturity.

The investment in an affiliated company is recorded at equity value.

Loans, Shares and Units

Loans (including accrued interest receivable), shares and units are recorded at cost. When credit quality has deteriorated to the extent that there is no reasonable assurance that a loan (principal and interest) will be collected in full, the loan is considered impaired. The reduction in the carrying amount then recognized and any subsequent changes are applied against the provision for losses.

Interest income from loans and preferred shares is recorded using the accrual accounting method. However, when a loan not guaranteed by the Government of Québec becomes impaired and the borrower owes more than three months' interest, the interest ceases to be recognized. The interest received on such loans is recorded as a recovery up to the amount written off or for which a provision has been entered, and is subsequently recorded as interest income.

2. MAIN ACCOUNTING POLICIES (cont'd)

Loans, Shares and Units (cont'd)

Dividend income on shares is entered upon receipt. Gains on disposal of shares are recorded on the date of transfer or sale of the shares.

The carrying amount of loans not guaranteed by the Government of Québec are restructured as low-interest or interest-free loans or as non-participating shares is reduced to the value of net cash flows receivable under the modified terms at the effective interest rate inherent in the loan. The reduction in the carrying amount resulting from the restructuring is added to the provision for losses. The increase in the discounted value over time is recorded as interest income.

Foreclosed assets held for sale are considered as impaired loans and are recorded at the lesser of the balance of the loan at the time of foreclosure or the estimated net proceeds from the sale of the assets. The reduction in the carrying amount then recognized and any subsequent changes are credited to the provision for losses.

Participating shares stemming from restructured loans not guaranteed by the Government of Québec are recorded at their book value immediately after the loans have been restructured. The difference between the carrying amount of a loan prior to restructuring and the book value of the resulting shares is credited to the provision for losses. Any subsequent decrease in the book value of the shares is also credited to the provision for losses. Any subsequent increase is recognized only upon the sale of the shares, as a gain on the disposal of shares during the current year.

Guarantees

The balance of guarantees, less the accumulated provision for losses, is shown at the bottom of the Corporation's balance sheet.

Guarantee claims are recorded once they have been approved by the Corporation. Disbursements are then applied to reduce the guarantee balance and the accumulated provision for losses on guarantees.

When the Corporation considers that there is reasonable assurance that a loan will be repaid, these disbursements are recorded as assets in accordance with the accounting policies applicable to loans, shares and units.

Accumulated Provision for Losses

The accumulated provision for losses on loans, shares and units is shown on the Corporation's balance sheet, offset against the value of its assets. The accumulated provision for losses on loan guarantees in effect is entered as a liability on the balance sheet. According to the Corporation, these provisions provide the most accurate estimate possible of the foreseeable risk of losses on financing operations that are part of its portfolio.

Except under business start-up investment and business re-start programs, all client companies are classified under five risk categories, determined using solvency and credibility criteria; this classification is updated constantly.

One of these categories is insolvent clients, while another comprises companies that are likely to become insolvent in the short term. All impaired loans are found in one of these two categories. The provision for losses on financing operations included in these two categories corresponds to the balance of each operation, net of the estimated realizable value of securities, to which a percentage adjustment is applied based on loan collection experience for the files in these categories. When a company assigned to either category is winding up, has ceased repaying the Corporation and is unlikely to put its finances in order, the related financing operations are written off.

The three other risk categories comprise companies whose financial profile corresponds to that of the Corporation's target clientele. A group provision is calculated for each of these categories by applying a provision rate to the financing operations balance. The provision rate for each category is based on a statistical analysis of the number and size of the losses noted or deemed probable one year after the companies are classified.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

2. MAIN ACCOUNTING POLICIES (cont'd)

Accumulated Provision for Losses (cont'd)

Financing operations whose cumulative balance per company is exceptionally high and which are included in one of the above-mentioned risk categories are covered by a specific provision for losses.

A global provision is calculated for business start-up investment and business re-start programs. This provision corresponds to the amount of loan guarantees in effect, to which a rate based on past experience is applied, less disbursements in respect of loan guarantees under these programs.

Certain loans may be exempted from repayment according to the conditions set out in the loan agreement. The provision for losses on these loans integrates the insolvency risk mentioned above and the risk inherent in the loan agreement.

Special class shares are non-participating shares, with no dividends or redemption date. Given the limited likelihood of recovering all or part of the redemption value of these shares, the applicable provision corresponds to 100 % of the balance of these shares.

Share of Accumulated Provision for Losses Recoverable from the Government of Québec

The Government of Québec assumes a share of the Corporation's provision for losses. This share corresponds to the provision for losses on financing operations guaranteed by the Government of Québec.

Receivable from the Government of Québec

The Government of Québec contributes to the Corporation's financing by reimbursing the losses on its guaranteed financing operations and non-repayable financial contributions, by paying interest on certain financing operations, and by paying certain revenues (risk premiums and administration fees). The contributions receivable balance appears under the heading "Other Assets".

Fixed Assets

Fixed assets are recorded at cost. They are depreciated as of their start-up date, according to the straight-line method over their estimated useful lives, at the following rates:

Software, hardware and development of data processing systems	20%
Office furniture	10%
Leasehold improvements	10%

Long-Term Debt Discount and Issue Expenses

The discount and issue expenses relating to long-term debt are deferred and amortized according to the straight-line method over the term of the loan concerned.

Land for Sale

The land is evaluated at cost or at the net realizable value, whichever is less. The cost includes expenses related to decontamination and clean-up work.

Deferred Income

The Government of Québec's contribution for the acquisition of fixed assets is deferred and transferred to results according to the same method and the same rates used for depreciating fixed assets.

Risk Premiums – Government of Québec

The Government of Québec pays the Corporation a premium to take into account the risk associated with financing operations whose losses are borne by the Corporation. This premium corresponds to 7% of the amount of financing authorized by the Corporation. It is recorded as revenue upon the approval of the financing operation.

2. MAIN ACCOUNTING POLICIES (cont'd)

Risk Premium – Client Companies

When approving a loan or loan guarantee, the Corporation generally requires a risk premium from the client company. This premium, which takes the form of a stock option or a charge on sales, is recorded when an agreement is reached with the client concerning the exact amount and date of payment of the premium. The premium, in the form of a share in earnings, is payable and recorded no later than six months after the end of the company's fiscal year. The lump-sum premium is recorded when due according to the contract.

Gains on the disposal of shares issued following the exercise of an option are shown under the heading "Risk premiums – Stock Options" in the Corporation's statement of income.

Non-Repayable Financial Contributions

Non-repayable financial contributions granted to companies are charged to results for the year in which the Corporation approved the payment. The corresponding contribution from the Government of Québec is then deemed to have been earned by the Corporation.

Fees – Financial Intermediaries

The Corporation pays fees to financial intermediaries for canvassing an investor immigrant, for finding a company to recommend for a non-repayable financial contribution, and for closing the file.

Fees paid for canvassing of investor immigrants are deferred and charged to the statement of income for the duration of the corresponding investment, according to the straight-line depreciation method. Fees paid for finding a company to recommend a non-repayable financial contribution are recorded once the company has accepted the financing operation. Fees for the closing of files are recorded upon maturity of the investment.

Pension Plans

The Corporation contributes to inter-company government defined benefit plans. These contributions are recorded according to the accounting standards concerning defined contribution plans, since the Corporation does not have sufficient data to apply the standards for defined benefit plans.

Currency Translation

Guarantees expressed in foreign currency are translated into Canadian dollars at the rate applicable as at the balance sheet production date. The statements of income are translated at the prevailing exchange rate as at the transaction date.

3. INVESTMENTS

	2001	2000
Notes receivable from the Government of Québec, of 5.22% to 5.67%, maturing between January 24, 2006 and March 21, 2006	1 226	
Affiliated company, capital contribution, at equity value	85	100
	1 311	100

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

4. LOANS, LESS ACCUMULATED PROVISION FOR LOSSES

	2001			2000
	Not guaranteed by the Government of Québec	Guaranteed by the Government of Québec	Total	Total
Loans				
Interest-bearing	73 326	162 641	235 967	292 734
Non-interest-bearing	269	443 628	443 897	419 197
Restructured	7 723		7 723	7 303
Impaired	37 340	72 848	110 188	99 574
	118 658	679 117	797 775	818 808
Accumulated provision for losses				
Interest-bearing and non-interest-bearing loans	(7 580)	(28 778)	(36 358)	(32 692)
Restructured loans	(3 539)		(3 539)	(3 402)
Impaired loans	(26 793)	(69 737)	(96 530)	(88 617)
	(37 912)	(98 515)	(136 427)	(124 711)
	80 746	580 602	661 348	694 097

5. SHARES, LESS ACCUMULATED PROVISION FOR LOSSES

	2001			2000
	Not guaranteed by the Government of Québec	Guaranteed by the Government of Québec	Total	Total
Shares				
Common	3 147	14 915	18 062	15 633
Preferred	486	70 668	71 154	71 658
Special class		11 950	11 950	17 851
From restructured loans	4 070		4 070	4 607
	7 703	97 533	105 236	109 749
Accumulated provision for losses				
Common shares	(1 862)	(11 320)	(13 182)	(11 270)
Preferred shares	(342)	(7 358)	(7 700)	(3 798)
Special class of shares		(11 950)	(11 950)	(17 851)
Shares from restructured loans	(1 646)		(1 646)	(1 522)
	(3 850)	(30 628)	(34 478)	(34 441)
	3 853	66 905	70 758	75 308

The Corporation holds shares issued by public companies. The net book value of these shares as at March 31, 2001 was $2 432 thousand ($2 111 thousand as at March 31, 2000). According to stock market quotations as at March 31, 2001, these shares had a value of $10 360 thousand ($8 899 thousand as at March 31, 2000).

6. UNITS, LESS ACCUMULATED PROVISION FOR LOSSES

	2001			2000
	Not guaranteed by the Government of Québec	Guaranteed by the Government of Québec	Total	Total
Units				
Preferred of cooperatives	46	2 653	2 699	2 479
Of partnerships		18 949	18 949	15 324
	46	21 602	21 648	17 803
Accumulated provision for losses	(7)	(1 777)	(1 784)	(1 484)
	39	19 825	19 864	16 319

7. GUARANTEES, LESS ACCUMULATED PROVISION FOR LOSSES

	2001			2000
	Not guaranteed by the Government of Québec	Guaranteed by the Government of Québec	Total	Total
Guarantees				
Loans	230 236	275 237	505 473	426 165
Financial commitment	57 650	140 753	198 403	164 903
	287 886	415 990	703 876	591 068
Accumulated provision for losses				
Loan guarantees	(44 851)	(40 005)	(84 856)	(92 235)
Financial commitment guarantees	(13 629)	(4 107)	(17 736)	(9 737)
	(58 480)	(44 112)	(102 592)	(101 972)
	229 406	371 878	601 284	489 096

8. ACCUMULATED PROVISION FOR LOSSES

	2001			2000
	Financing operations not guaranteed by the Government of Québec	Financing operations guaranteed by the Government of Québec [1]	Total	Total
Balance at beginning of year	70 618	191 990	262 608	419 551
Provision for losses	41 357	12 880	54 237	38 498
Recoveries	2 748	943	3 691	9 753
Write-offs [2]	(7 782)	(16 838)	(24 620)	(162 025)
Guarantee disbursements that did not give rise to an asset	(6 692)	(13 943)	(20 635)	(43 169)
	100 249	175 032	275 281	262 608

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

8. ACCUMULATED PROVISION FOR LOSSES (cont'd)

The accumulated provision for losses breaks down as follows:

	2001			2000
	Financing operations not guaranteed by the Government of Québec	Financing operations guaranteed by the Government of Québec [1]	Total	Total
Loans	37 912	98 515	136 427	124 711
Shares	3 850	30 628	34 478	34 441
Units	7	1 777	1 784	1 484
Guarantees	58 480	44 112	102 592	101 972
	100 249	175 032	275 281	262 608

[1] Corresponds to the "Share of accumulated provision for losses recoverable from the Government of Québec" shown as an asset on the balance sheet.

[2] Write-offs in the form of restructured loans amount to $103 thousand for the fiscal year ended March 31, 2001 ($2 031 thousand as at March 31, 2000).

9. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Software, hardware and development of data processing systems	7 203	(2 547)	4 656	5 260
Office furniture	235	(23)	212	110
Leasehold improvements	1 315	(134)	1 181	652
	8 753	(2 704)	6 049	6 022

10. OTHER ASSETS

	2001	2000
Receivable from the Government of Québec	67 799	41 753
Long-term debt discount and issue expenses	186	261
Deferred fees to financial intermediaries	56	
Land for sale (Note 21)	184	184
Other accounts receivable	2 287	1 372
	70 512	43 570

11. SHORT-TERM DEBT

	2001	2000
Bankers' acceptances - Financial institutions, 5.04% to 5.33%, maturing between April 2 and April 25, 2001	168 000	77 500
Notes – Government of Québec Financing Fund, 5.01%, maturing April 30, 2001	53 500	98 000
	221 500	175 500

12. LONG-TERM DEBT

	2001	2000
Series H bonds, 11.50%, matured July 27, 2000 (1)		50 000
Notes – Government of Québec Financing Fund:		
7.50% to 9.31%, maturing between April 1, 2002 and December 1, 2003	353 548	353 548
at the three-month bankers' acceptance rate plus 0.123%, maturing on March 2, 2001		56 475
at the three-month bankers' acceptance rate plus 0.168%, maturing August 21, 2002	34 768	34 768
at the three-month bankers' acceptance rate plus 0.034%, maturing December 1, 2003	100 000	100 000
Notes – investor immigrants, interest-free, maturing between January 24, 2006 and March 21, 2006 (1)	1 600	
	489 916	594 791

Repayment of the principal on long-term debt over the next five years breaks down as follows:

2002	148 219
2003	205 981
2004	134 116
2005	–
2006	1 600

(1) Payment of principal and interest is guaranteed by the Government of Québec.

13. INTEREST DUE AND ACCRUED ON DEBT

	2001	2000
Financial institutions	24	1 178
Government of Québec Financing Fund	10 984	11 258
	11 008	12 436

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

14. OTHER LIABILITIES

	2001	2000
Deferred revenue [1]	2 449	1 948
Non-repayable financial contributions and guarantees payable	6 766	6 061
Sick leave and vacations payable	6 747	5 733
Other accounts payable	1 977	2 134
	17 939	15 876

[1] Includes the Government of Québec's contribution for the acquisition of fixed assets in the amount of $577 thousand as at March 31, 2001 ($769 thousand as at March 31, 2000).

15. INTEREST INCOME AND INTEREST CONTRIBUTION FROM THE GOVERNMENT OF QUÉBEC

	2001	2000
Interest on loans	25 836	31 765
Interest on investments	12	
Government of Québec's contribution to interest on low-yield guaranteed financing operations [1]	45 721	53 158
	71 569	84 923

[1] This contribution concerns financing operations guaranteed by the Government of Québec. It corresponds to the surplus of the Corporation's average borrowing cost over the yield of these operations.

16. INTEREST CHARGES

	2001	2000
Interest on long-term debt [1]	44 935	58 003
Interest on short-term debt and bank charges [1]	9 355	9 676
Guarantee charges on long-term debt	250	500
Amortization of long-term debt discount and issue expenses	75	225
	54 615	68 404

[1] Interest charges on loans taken out with the Government of Québec Financing Fund totalled $45 851 thousand for the fiscal year ended March 31, 2001 ($51 371 thousand for the fiscal year ended March 31, 2000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001
(in thousands of dollars)

17. OPERATING AND ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and employee benefits	22 146	17 332
Rent	2 511	2 174
Travel, entertainment, advertising and promotion	4 285	3 504
Fees	1 274	1 575
Depreciation of fixed assets	1 482	1 223
Other	3 025	2 095
	34 723	27 903

18. CHANGES IN NON-CASH ITEMS RELATED TO OPERATING ACTIVITIES

	2001	2000
Other assets	(27 017)	(14 101)
Interest due and accrued on debt	(1 428)	(6 446)
Other liabilities	2 255	4 781
Accumulated provision for losses	(41 564)	(195 441)
Accumulated provision for losses recoverable from the Government of Québec	29 838	176 416
	(37 916)	(34 791)

19. COMMITMENTS

Financing authorized, not disbursed or implemented or whose disbursement had not been authorized as at March 31.

	2001			2000
	Not guaranteed by the Government of Québec	Guaranteed by the Government of Québec	Total	Total
Loans	8 204	283 665	291 869	188 049
Shares				58
Units		2 379	2 379	3 258
Guarantees	140 661	465 390	606 051	353 245
Non-repayable financial contributions	142	403 940	404 082	386 366
	149 007	1 155 374	1 304 381	930 976

20. PENSION PLANS

The employees of Investissement-Québec subscribe to the Government and Public Employees Retirement Plan and the Civil Service Superannuation Plan. These are inter-company defined benefit plans that include retirement and death benefits. Investissement-Québec's obligations toward these government plans are limited to its contributions as an employer. Investissement-Québec's contributions charged to the statement of income for the fiscal year amount to $519 thousand ($816 thousand for the fiscal year ended March 31, 2000).

The employer's contribution for regular service under the Government and Public Employees Retirement Plan until December 31, 1999 corresponded to 5.22% of pensionable earnings for unionizable participants (5.02% for non-unionizable participants). Since January 1, 2000, following changes made to the pension plan, the employer's contribution rate for regular service now corresponds to 3.51% or pensionable earnings for unionizable participants (0.79% for non-unionnizable participants).

21. CONTINGENCIES

Under Government of Québec Order-in-Council 1421-98 dated November 11, 1998, 9071-2076 Québec Inc., a subsidiary of Investissement-Québec, acquired a piece of contaminated land in December 1998 for the price of one dollar. Investissement-Québec will guarantee the environmental liability of this land until funds become available in the subsidiary to assume such liability. The Corporation is unable to estimate the financial impact of this environmental liability. However, under its incorporating legislation, any losses stemming from this contingent liability will be borne by the Government of Québec.

Various judicial and extrajudicial proceedings instituted by or against the Corporation are currently under way. In the Corporation's opinion, the outcome of these proceedings will not have a significant impact on its financial position or the results of its operations.

22. RELATED PARTY TRANSACTIONS

The Corporation is a related party to all departments and special funds as well as to all agencies and corporations that are controlled directly or indirectly by the Government of Québec or are subject to either joint control or significant common influence by the Government of Québec. The Corporation's business transactions with these related parties were carried out during the normal course of its activities and under normal business conditions. Most of these transactions, accounted for according to their exchange value, are shown separately in the financial statements.

23. COMPARATIVE FIGURES

Certain figures from fiscal 2000 have been reclassified so that their presentation is identical to that of fiscal 2001.

DECLARATION OF RESPONSIBILITY FOR FINANCIAL INFORMATION

The preparation and presentation of the consolidated financial statements of Investissement-Québec and other information contained in this annual report are the responsibility of management.

This responsibility includes the choice of appropriate accounting policies (outlined in Note 2 of the financial statements).

The financial information appearing in the annual report is consistent with that contained in the financial statements.

The Corporation's accounting system as well as its internal controls and procedures are designed to ensure the reliability of financial data and to provide reasonable assurance that the Corporation's assets are adequately protected against any loss or unauthorized use.

The Board of Directors, which is responsible for monitoring the manner in which management fulfills its responsibilities regarding financial information, approved the financial statements. The Board is assisted in carrying out its mandate by the Audit Committee. This committee meets with management and the auditor, reviews the financial statements, and recommends their approval to the Board. The Audit Committee also receives advance copies of the audit reports on the optimization of resources and compliance with laws and regulations, particularly the Financial Administration Act.

Louis L. Roquet
President and Chief Executive Officer

André Côté
Vice-President, Administration and Corporate Services

AUDITOR'S REPORT

To the National Assembly,

I have audited the consolidated balance sheet of Investissement-Québec as at March 31, 2001 and the consolidated statement of income, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended, in accordance with the accounting policies described in Note 2. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these policies have been applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Guy Breton, FCA

Québec City, June 6, 2001

LOTO-QUÉBEC
(R.S.Q., c. S-13.1)

CONSOLIDATED STATEMENT OF INCOME
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
REVENUE	3 643 212	3 444 225
COST OF SALES (Note 3)	1 483 178	1 386 745
OPERATING EXPENSES	2 160 034	2 057 480
OPERATING EXPENSES		
Operating expenditures	527 742	527 214
Depreciation of fixed assets	77 721	68 044
Amortization of patents	309	
Amortization of deferred charges	308	308
Interest – net (Note 4)	7 149	5 863
	613 229	601 429
INCOME BEFORE THE FOLLOWING ITEMS	1 546 805	1 456 051
Special payments (Note 5)	28 871	25 792
Goods and services tax	53 136	48 638
Québec sales tax	61 040	55 830
	143 047	130 260
NET INCOME	1 403 758	1 325 791

SEGMENTED INFORMATION (Note 20)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
BALANCE AT BEGINNING OF YEAR	132 428	94 225
Net income	1 403 758	1 325 791
	1 536 186	1 420 016
Dividends	(1 330 500)	(1 251 000)
Fonds d'aide à l'action communautaire autonome (Note 6)	(17 572)	(16 348)
Contributions to the Québec Government (Note 7)	(28 269)	(20 240)
	(1 376 341)	(1 287 588)
BALANCE AT END OF YEAR	159 845	132 428

LOTO-QUÉBEC

CONSOLIDATED BALANCE SHEET
as at March 31, 2001
(in thousands of dollars)

	2001	2000
ASSETS		
Current		
Cash on hand – casinos	33 247	28 686
Cash on hand	27 867	26 979
Accounts receivable (Note 8)	67 402	53 468
Inventory (Note 9)	8 946	7 925
Prepaid expenses	16 158	17 987
	153 620	135 045
Investment	34 131	35 417
Fixed assets (Note 10)	539 482	470 764
Patents, amortized	617	926
Deferred charges, amortized (Note 11)	1 651	923
	729 501	643 075
LIABILITIES		
Current		
Bank loans (Note 12)	232 025	247 923
Prizes payable	48 225	41 774
Accounts payable and accrued liabilities (Note 13)	240 911	165 324
Provisions related to prizes (Note 14)	33 757	39 238
Deferred income	14 568	16 218
	569 486	510 477
SHAREHOLDER'S EQUITY		
Capital-stock authorized, issued and fully paid 1 700 shares with a par value of $100 each	170	170
Retained earnings	159 845	132 428
	160 015	132 598
	729 501	643 075

COMMITMENTS (Note 15)

On behalf of the Board of Directors,
Michel Crête, Chairman of the Board
Robert Crevier, CA, Chairman of the Audit Committee

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Net income	1 403 758	1 325 791
Items not affecting cash flows:		
Depreciation of fixed assets	77 721	68 044
Amortization of patents	309	
Amortization of deferred charges	308	308
Net contribution to the Manoir Richelieu LP	5 762	3 125
Share of the earnings of Nter Technologies, LP.	(116)	
Changes in assets and liabilities related to operations (Note 16)	(6 772)	(1 271)
Operating activities cash flows	1 480 970	1 395 997
FINANCING ACTIVITIES		
Dividends paid	(1 265 000)	(1 262 000)
Bank loans	(15 898)	51 274
Contributions to the Québec Government	(28 105)	(19 745)
Fonds d'aide à l'action communautaire autonome	(17 572)	(16 348)
Financing activities cash flows	(1 326 575)	(1 246 819)
INVESTMENT ACTIVITIES		
Acquisitions of fixed assets	(143 129)	(113 919)
Deposits for the acquisition of fixed assets	(96)	(360)
Acquisition of investments	(62)	(16 578)
Distribution to the Manoir Richelieu LP	(5 196)	
Distribution of the Manoir Richelieu LP	573	
Acquisition of deferred charges	(1 036)	
Acquisition of patents		(165)
Investment activities cash flows	(148 946)	(131 022)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5 449	18 156
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	55 665	37 509
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)	61 114	55 665

NOTES TO FINANCIAL STATEMENTS
March 31, 2001
(in thousands of dollars)

1. AUTHORITY AND OBJECTIVES

The Société des loteries du Québec (the Corporation), also designated as Loto-Québec, is a joint-stock corporation whose shares form part of the public domain and are allotted to the Minister of Finance. Under its act of incorporation (R.S.Q., c. S-13.1), its functions are to conduct and administer lottery schemes and to operate businesses which are incidental to the operation of a State casino. It may also offer, for consideration, consulting and implementation services in matters within its competence.

2. ACCOUNTING POLICIES

The consolidated financial statements of Loto-Québec have been prepared by management in accordance with Canadian generally accepted accounting principles. These statements comprise amounts based on best judgement and estimates.

Consolidation

The consolidated financial statements include the accounts of Loto-Québec and its wholly owned subsidiaries:

- Lotim inc.
- La Société des casinos du Québec inc.
- Casiloc inc.
- La Société des loteries vidéo du Québec inc.
- Resto-Casino inc.
- Ingenio, filiale de Loto-Québec inc.
- La Société des bingos du Québec inc.
- World Gaming Consultants, inc.
- 9059-3849 Québec inc.

The investments in the Manoir Richelieu Limited Partnership and Nter Technologies, Limited Partnership are entered at their consolidation value.

Revenue

Lotteries

Gross revenue from the sale of lottery tickets and bingo cards is recorded on the date of the draw, with the exception of revenue from instant lottery ticket sales, which is entered at the time of sale.

With the exception of instant lotteries, lottery tickets sold as at March 31 for draws subsequent to that date are treated as deferred income. Discounts to retailers on these sales are carried as prepaid expenses.

Casinos and Video lotteries

Revenue from the operation of these activity sectors corresponds to the difference between wagers and prizes awarded.

Multimedia

Revenues represent royalties based on a certain percentage of the total of the CD-ROM/lottery ticket retail price. These revenues are recorded when the printer delivers the CD-ROM/lottery tickets to the lottery corporations.

Prizes Awarded

Prizes awarded from ticket sales for bingo and certain lottery products are based on a theoretical sales rate.

In addition to lottery prizes in cash or merchandise, Loto-Québec also awards free tickets. The value ascribed to these prizes is equal to the selling price and is included with sales as revenue and with prizes as expenditure.

2. ACCOUNTING POLICIES (cont'd)

Revenue (cont'd)

Promotional Allowances

These amounts represent the promotional cash rebates issued to casino customers.

Pension Plans

Cost-based pension plan accounting is applied to inter-company governmental benefit-based pension plans such as the Régime de retraite des employés du gouvernement et des organismes publics (RREGOP) and the Régime de retraite des fonctionnaires (RRF), given that Loto-Québec, La Société des loteries vidéo du Québec inc., La Société des bingos du Québec inc. and Ingenio, filiale de Loto-Québec inc. do not have adequate information to apply benefit-based pension plan accounting practices.

Inventory

Video lotteries

The inventories are valued at the lower of average cost and replacement value.

Restaurants

The inventories are valued at the lower of cost and net realizable value. Cost is estimated as follows:

Food and drink	average cost
Kitchen equipment	base stock

Fixed assets

Fixed assets are presented at acquisition cost and, with the exception for works of art, are depreciated according to their estimated useful life using the straight-line method based on the following annual rates:

Buildings	2% to 6 2/3%, 10% and 20%
Parking lot landscaping	6 2/3%
Rented parking lot landscaping	6 2/3%
Interior design	10% to 20%
Landscaping	10% and 14.29%
Leasehold improvements	10% to 20%
Office furniture	10% and 20%
Rolling stock	30%
Equipment	10% to 33 1/3%

Patents

Patents are presented at cost and are amortized using the straight-line method over a three-year period.

Deferred charges

Deferred charges correspond to the cost of the Pont des Îles, a property of the City of Montréal but paid by a subsidiary of Loto-Québec. These charges are amortized using the straight-line method at an annual rate of 10%.

The start-up costs related to the expansion of the Casino de Hull and development of the adjoining resort complex will be amortized as of the beginning of operations.

LOTO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

3. COST OF SALES

	2001	2000
Lotteries		
Prized awarded	952 674	913 752
Commissions to retailers	124 705	121 286
Printing of tickets	35 048	30 115
	1 112 427	1 065 153
Casinos		
Promotional allowances	12 720	1 177
Video lotteries		
Commissions to retailers	315 915	278 522
Printing	757	703
	316 672	279 225
Bingos		
Prizes awarded	18 600	18 265
Commissions to operators	2 272	2 220
Printing of cards	310	402
	21 182	20 887
Restaurants	20 177	20 303
	1 483 178	1 386 745

4. INTEREST - NET

	2001	2000
Interest on bank loans	8 567	6 985
Interest on term deposits	(1 418)	(1 122)
	7 149	5 863

5. SPECIAL PAYMENTS

	2001	2000
Compensation to the government of Canada	13 484	13 172
Net contribution to the Manoir Richelieu LP	5 762	3 125
Share of the results of Nter Technologies, LP	(116)	
Special commissions to non-profit organizations (NPOs)	637	453
Compensation to participating NPOs	8 173	8 067
Compensation to non-participating NPOs	931	975
	28 871	25 792

5. SPECIAL PAYMENTS (cont'd)

Compensation to the government of Canada

Under an agreement reached between the provincial governments and the government of Canada concerning the federal government's withdrawal from the administration of lotteries, the provinces pay the federal government the equivalent of $24 million, in 1979 dollars, every year. For the year ended March 31, 2001, this amount equalled $55.2 million (2000: $53.7 million).

The Québec government's share is payable by the Corporation in accordance with to an agreement between the provinces and regional lottery corporations.

Net contribution to the Manoir Richelieu Limited Partnership

Under the terms of the guarantee agreement and in accordance with the distribution methods specified in the partnership agreement, the net contribution represents the minimum share of liquidities generated by the operations of the Casino de Charlevoix that is to be remitted to the partners, after considering Loto-Québec's share in the earnings of the Manoir Richelieu Limited Partnership.

Special commissions to non-profit organizations (NPOs)

Further to a decision by the shareholder, a commission equal to the discount allotted to retailers is paid to non-profit organizations selling lottery tickets through the LOTOMATIQUE subscription system.

Compensation to non-profit organizations (NPOs)

The amended bingo regulations, in effect as of October 1st, 1999, establish the following compensation for NPOs.

Participating NPOs

La Société des bingos du Québec inc. allots charitable or religious organizations that hold a bingo licence an amount equal to the higher of 36.4% of bingo ticket sales less the value of prizes paid to game winners (20% of bingo ticket sales before the amendment) or 50% of net income generated by bingo games, not counting compensation to non-participating NPOs.

Non-participating NPOs

La Société des bingos du Québec inc. allots an amount equal to 5.45% of total ticket sales of the LE GRAND TOUR game, less the value of prizes awarded to winners of this game, to charitable or religious organizations that hold a bingo licence but do not participate in the Corporation's bingo games (3% of ticket sales of the LE GRAND TOUR game before the amendment).

6. FONDS D'AIDE À L'ACTION COMMUNAUTAIRE AUTONOME

Under its act of incorporation, each year the Corporation pays into the Fonds d'aide à l'action communautaire autonome , dedicated to supporting independent community and international humanitarian action, sums equivalent to 5% and 1% respectively of net income earned during the previous fiscal year through the operation of the state-run casinos and the businesses which are incidental to them.

7. CONTRIBUTIONS TO THE QUÉBEC GOVERNMENT

	2001	2000
Ministère des Finances[1]	19 769	11 640
Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (MAPAQ)	5 000	5 000
Ministère de la Santé et des Services sociaux	3 000	3 000
Ministère des Affaires municipales	500	600
	28 269	20 240

[1] Of this amount, with the authorization of the Government, the Corporation contributed a total of $7.2 million to the Société nationale du cheval de course (SONACC) to enable the organization to increase the funds for its regular racing programs and special events during fiscal 2000-2001.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

8. ACCOUNTS RECEIVABLE

	2001	2000
Wholesalers	33 209	20 671
Retailers	21 131	15 785
Miscellaneous	13 062	17 012
	67 402	53 468

9. INVENTORY

	2001	2000
Video lotteries		
Video lottery terminals	3 530	3 010
Restaurants		
Food and drink	4 257	3 739
Kitchen equipment	1 159	1 176
	5 416	4 915
	8 946	7 925

10. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Land	32 093		32 093	29 797
Buildings	227 044	49 280	177 764	159 797
Parking lot landscaping	85 030	31 966	53 064	48 262
Rented parking lot landscaping	4 922	1 397	3 525	3 791
Interior design	76 057	48 745	27 312	31 570
Landscaping	21 302	10 012	11 290	10 890
Leasehold improvement	37 472	18 364	19 108	20 758
Office furniture and rolling stock	24 173	14 927	9 246	7 365
Equipment	378 006	262 520	115 486	139 950
Works of art	2 858		2 858	2 502
Construction in progress	87 736		87 736	16 082
	976 693	437 211	539 482	470 764

11. DEFERRED CHARGES AMORTIZED

	2001	2000
Start-up costs	1 036	
Pont des Îles	615	923
	1 651	923

12. BANK LOANS

Demand bank loans are authorized by the Québec government for a maximum amount of $400 million and bear interest at market rates.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2001	2000
Suppliers and accrued liabilities	115 077	105 267
Dividends	111 500	46 000
Manoir Richelieu LP	5 351	5 676
Nter Technologies Nter LP	1 902	
Québec sales tax	3 785	4 545
Goods and services tax	3 296	3 836
	240 911	165 324

14. PROVISIONS RELATED TO PRIZES

	2001	2000
Provision from unclaimed prizes	6 533	12 431
Provision from prize structure variances	27 224	26 807
	33 757	39 238

The provision for unclaimed prizes is made up of unclaimed prizes from all Loto-Québec products, excluding Canada-wide games. This amount is used for payment of bonus and retailer prizes.

The provision for prize structure variances in bingo and certain lottery products is made up of all differences between the theoretical amount of prizes to be awarded under the prize structure and the actual amount payable. Monies from this provision are used principally to offset occasional shortfalls arising from prize structures that exceed the forecast amount. With the approval of the Board of Directors, this provision may also be used for bonus prizes or for discharging any claims associated with the games, or it may be included in the results.

15. COMMITMENTS

Leases

Under an agreement expiring in 2003, the Corporation is committed to paying a minimum of $16.6 million in total for the rental of the premises occupied by its head office in a building held in joint tenancy with SITQ Bureaux inc., representing a consolidated commitment of $8.3 million. In addition, the Corporation is committed to renting space for administrative offices under long-term leases expiring on various dates up until 2035. In certain cases, these leases have a two- to five-year renewal option.

The minimum monthly rental payments, in thousands of dollars, are as follows:

2002	13 800
2003	12 256
2004	8 023
2005	5 065
2006	2 865
2007 and subsequent	18 932
	60 941

15. COMMITMENTS (cont'd)

Video lotteries

In December 1997, the Québec government authorized a subsidiary of Loto-Québec to acquire a central system including site controllers for an amount not exceeding $20 million, of which $6 million (2000: $6 million) was accounted for as at March 31, 2001. At that date, commitments related to this project totalled $13.3 million (2000: $13.6 million).

In August 1999, the Québec government authorized that same subsidiary to acquire bar code scanners for the operation of video lottery systems for an amount not exceeding $7 million, of which $0.1 million was accounted for as at March 31, 2001. At that date, contractual commitments related to this project totalled $2.6 million.

In addition, in May 2000, the Québec government authorized this Corporation to acquire video lottery terminals for an amount not to exceed $219 million.

Expansion of the Casino de Hull and construction of a resort complex

The total budget for this project is $228 million. As at March 31, 2001, $94 million (2000: $12.7 million) was accounted for, and commitments at that date totalled $70.4 million (2000: $20.9 million).

Contributions to the Québec government

Ministère des Finances

With the authorization of the Québec government, the Corporation has given its commitment to the Ministère des Finances, to pay sums into a designated fund to finance certain projects and activities pertaining to the plan to revitalize the horseracing industry. This temporary contribution is equivalent to the annual commission collected by Québec racetracks for video lottery terminals. The Corporation is unable to assess the total amount of this commitment.

In addition, with the authorization of the Québec government, the Corporation has committed to paying $12.4 million during fiscal 2001-2002 to the Société nationale du cheval de course (SONACC) to enable that organization to increase the purses for regular racing programs and special events.

Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (MAPAQ)

In view of the decision to terminate the activities of fairground casinos, the government authorized Loto-Québec to give its commitment to the MAPAQ to pay an annual sum of $5 million into a designated fund for five years, starting in the 1998 calendar year. Upon expiry, the agreement will be renewable by mutual consent of the parties.

Ministère de la Santé et des Services sociaux

With the authorization of the Québec government, the Corporation has given its commitment to the Ministère de la Santé et des Services sociaux to pay sums totalling $75 million into a designated fund over a six-year period to finance prevention activities, treatment services, research programs, and information campaigns to help compulsive gamblers. For the coming years, the payments related to the balance of this commitment, in thousands of dollars, are as follows:

2002	18 000
2003	17 000
2004	17 000
2005	17 000
	69 000

15. COMMITMENTS (cont'd)

Contributions to the Québec government (cont'd)

Ministère de la Sécurité publique

With the authorization of the Québec government, the Corporation has given its commitment to the Ministère de la Sécurité publique to pay sums totalling $11 million into a designated fund over a four-year period to finance a series of rigorous control activities and measures to be implemented by the Régie des alcools, des courses et des jeux related, in particular, to overseeing access to video lottery terminals. For the coming years, the payments related to this commitment, in thousands of dollars, are as follows:

2002	2 000
2003	3 000
2004	3 000
2005	3 000
	11 000

Ministère des Affaires municipales

In view of the decision to terminate the activities of temporary casinos, the Government authorized Loto-Québec to give its commitment to the Ministère des Affaires municipales to pay a sum of $2.6 million into a designated fund over a five-year period to finance certain organizations, projects and activities in the field of sports and recreation. For the coming years, the payments related to the balance of the commitment, in thousands of dollars, are as follows:

2002	400
2003	300
	700

16. CONSOLIDATED CASH FLOWS

	2001	2000
CASH AND CASH EQUIVALENTS		
Cash on hand – Casinos	33 247	28 686
Cash on hand	27 867	26 979
	61 114	55 665
CHANGES IN ASSETS AND LIABILITIES RELATED TO OPERATIONS		
Accounts receivable	(13 934)	(2 382)
Inventory	(1 021)	576
Prepaid expenses	487	1 605
Prizes payable	6 451	6 624
Accounts payable and accrued liabilities	8 376	11 945
Provisions related to prizes	(5 481)	913
Deferred income	(1 650)	(20 552)
	(6 772)	(1 271)

16. CONSOLIDATED CASH FLOWS (cont'd)

	2001	2000
SUPPLEMENTARY INFORMATION		
Interest paid	8 282	7 003
Prepaid expenses transferred to fixed assets	1 438	14 359

17. PENSION PLANS

Employees of the parent corporation, La Société des loteries vidéo du Québec inc., La Société des bingos du Québec inc. and Ingenio, filiale de Loto-Québec inc., participate in the Régime de retraite des employés du gouvernement et des organismes publics (RREGOP) and the Régime de retraite des fonctionnaires (RRF). These are benefit-based pension plans and contain guarantees upon retirement or death. Up until December 31, 1999, the employer's level of contribution for regular service under the RREGOP equalled 5.22% of the admissible salary of participants who could be unionized (5.02% for participants who cannot be unionized). Subsequent to certain modifications to the plan, as of January 1, 2000, the employer's level of contribution for regular service equals 3.51% of the admissible salary of participants who could be unionized (0.79% for participants who cannot be unionized). Contributions charged to consolidated earnings for the fiscal year for these plans total $1.4 million (2000: $1.8 million). The employer's obligations towards these government plans are limited to its contributions for current services.

La Société des casinos du Québec inc. and Resto-Casino inc. offer their employees a cost-based pension plan, paying an amount equal, to the employee's contribution, up to 5% of the annual base salary. The employer's contribution is vested to the employee upon payment. Contributions charged to consolidated earnings for the fiscal year under this plan total $6.3 million (2000: $6 million).

18. RELATED PARTY TRANSACTIONS

Over the course of the fiscal year, the Corporation received the consulting and management services of a limited partnership for a total of $10.4 million.

In addition to the related party transactions already outlined and accounted for at exchange value, Loto-Québec is related to all Québec government departments and special funds, as well as all agencies and enterprises controlled directly or indirectly by the Government, or subject either to joint control or to significant mutual influence on the part of the Government. The Corporation has not concluded any business transaction with these related parties other than within the normal course of its activities and on regular business terms. These transactions are not disclosed separately in the financial statements.

19. COMPARATIVE FIGURES

Certain figures for the year 2000 have been reclassified in order to conform to the 2001 presentation.

20. SEGMENTED INFORMATION

	2001							
Activity sectors	Lotteries/ corporate [1]	Casinos	Video lotteries	Bingos	Multi-media	Restau-rants	Inter-company elimin-ation	Consol-idated figures
Revenue	1 825 528	696 471	1 053 047	41 044	540	66 355	(39 773)	3 643 212
Cost of sales	1 112 727	12 720	316 672	21 182		20 177	(300)	1 483 178
Gross profit	712 801	683 751	736 375	19 862	540	46 178	(39 473)	2 160 034
Operating expenses								
Operating expenditures [1]	161 419	320 537	35 644	5 211	6 680	37 724	(39 473)	527 742
Depreciation of fixed assets	23 749	39 647	8 715	698	120	4 792		77 721
Amortization of patents					309			309
Amortization of deferred charges		263				45		308
Interest – net	8 236	(948)	(110)	(15)	(14)			7 149
	193 404	359 499	44 249	5 894	7 095	42 561	(39 473)	613 229
Income (loss) before the following items	519 397	324 252	692 126	13 968	(6 555)	3 617		1 546 805
Special payments [1]	14 005	5 762		9 104				28 871
Goods and services tax [1]	18 988	9 011	24 693	444				53 136
Québec sales tax [1]	21 893	10 330	28 308	509				61 040
	54 886	25 103	53 001	10 057				143 047
Net income (loss)	464 511	299 149	639 125	3 911	(6 555)	3 617		1 403 758

[1] Indirect costs were paid by the lotteries/corporate sectors and charged back to other activity sectors in accordance with the extent of their use. An amount of $45.4 million was charged towards the casino sector's results, an amount of $55 million to those of the video lotteries sector, and $1.8 million to the bingo sector.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

20. SEGMENTED INFORMATION (cont'd)

	2000							
Activity sectors	Lotteries/ corporate [1]	Casinos	Video lotteries	Bingos	Multi-media	Restau-rants	Inter-company elimin-ation	Consol-idated figures
Revenue	1 768 224	683 461	928 412	40 433	323	66 558	(43 186)	3 444 225
Cost of sales	1 065 476	1 177	279 225	20 887		20 303	(323)	1 386 745
Gross profit	702 748	682 284	649 187	19 546	323	46 255	(42 863)	2 057 480
Operating expenses								
Operating expenditures [1]	162 957	321 446	36 776	5 299	4 488	39 111	(42 863)	527 214
Depreciation of fixed assets	12 729	37 239	12 123	950	70	4 933		68 044
Amortization of deferred charges		263				45		308
Interest – net	6 771	(786)	(104)	(12)	(6)			5 863
	182 457	358 162	48 795	6 237	4 552	44 089	(42 863)	601 429
Income (loss) before the following items	520 291	324 122	600 392	13 309	(4 229)	2 166		1 456 051
Special payments [1]	13 625	3 125		9 042				25 792
Goods and services tax [1]	17 458	8 339	22 362	479				48 638
Québec sales tax [1]	20 085	9 559	25 637	549				55 830
	51 168	21 023	47 999	10 070				130 260
Net income (loss)	469 123	303 099	552 393	3 239	(4 229)	2 166		1 325 791

[1] Indirect costs were paid by the lotteries/corporate sectors and charged back to other activity sectors in accordance with the extent of their use. An amount of $37.5 million was charged towards the casino sector's results, an amount of $49.2 million to those of the video lotteries sector, and $1.9 million to the bingo sector.

LOTO-QUÉBEC

MANAGEMENT REPORT

The Board of Directors is responsible for the consolidated financial statements drawn up for the shareholder. It delegates responsibility for preparing them to senior management, while the Audit Committee reviews them.

Management has a system of internal controls to ensure that the financial statements are reliable, and Internal Audit monitors the system to ensure it works properly.

The consolidated financial statements are prepared according to Canadian generally accepted accounting principles which, in certain cases, require judgements on the part of management. The financial information contained in the rest of the annual report corresponds to the information provided in the financial statements.

By law, the Auditor General of Québec audits the books and accounts of Loto-Québec. The Audit Committee and the Auditor General meet with management to discuss questions pertaining to the audit and to the consolidated financial statements. Audit Committee members have no link to Loto-Québec other than as directors.

Upon the recommendation of the Audit Committee, the Board of Directors has approved the consolidated financial statements of Loto-Québec for the fiscal year ended March 31, 2001.

Michel Crête, Chairman of the Board and
Chief Executive Officer

Gérald Houle, CMA, Corporate Vice-President
Finance and Administration

Montréal, May 24, 2001

LOTO-QUÉBEC

AUDITOR'S REPORT

To the Minister of State for Economy and Finance,

I have audited the consolidated balance sheet of Loto-Québec as at March 31, 2001 and the consolidated statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of Loto-Québec's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Loto-Québec as at March 31, 2001, and the results of its operations and cash flows for the year ended in accordance with Canadian generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., Chapter V-5.01), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec City, May 24, 2001

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL
(R.S.Q., c. M-44)

INCOME AND CHANGES IN FUND BALANCES
for the year ended March 31, 2001

	General Fund	Commercial Activities Fund
REVENUE		
Gouvernement du Québec subsidies		
Operations	$6 538 800	
Specific projects	282 845	
Federal subsidies for specific projects	361 200	
Donations of works of art	2 274 709	
Sponsorships and other donations (Notes 5 and 6)	382 315	
Investment income (Notes 4 and 7)	72 206	
Sales		$527 368
Space rental		201 713
Exhibitions on loan	26 166	
Royalties – food services		58 652
Admission fees	155 859	
Other revenue	98 458	15 140
	10 192 558	802 873
EXPENDITURE		
Salaries and other remuneration (Note 4)	4 105 044	149 294
Professional, administrative and other services (Notes 4 and 6)	1 802 321	46 277
Transportation and communications (Note 6)	412 747	13 719
Materials and supplies	524 050	319 905
Rentals	715 025	21 170
Maintenance and repairs	225 360	2 982
Interest charges and cost of borrowing	37	
Acquisition of works of art and archives (Note 8)		
Donations – works of art	2 274 709	
Purchases of works of art	379 944	
Amortization – works of art		
Depreciation of fixed assets		
Fund-raising expenses (Note 5)		
	10 439 237	553 347
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(246 679)	249 526
FUND BALANCES, BEGINNING OF YEAR		
Previously established balances	14 042	275 000
Adjustment (Note 4)	(445 943)	
Adjusted balances	(431 901)	275 000
Inter-fund contributions (Note 9)	249 526	(249 526)
	(182 375)	25 474
FUND BALANCES, END OF YEAR	$(429 054)	$275 000

Fixed Assets Fund	Fund-Raising Campaign Fund	Lavalin Collection Fund	Endowment Fund for the Acquisition of Works of art	Total 2001	Total 2000 (Note 4)
$1 254 180	$123 464	$617 866		$8 534 310	$8 581 460
				282 845	83 713
				361 200	362 262
				2 274 709	953 048
	28 077			410 392	164 670
				72 206	24 196
				527 368	427 753
				201 713	196 765
				26 166	39 747
				58 652	60 936
				155 859	153 032
				113 598	246 569
1 254 180	151 541	617 866		13 019 018	11 294 151
				4 254 338	4 208 331
				1 848 598	1 610 541
				426 466	491 596
				843 955	838 946
				736 195	734 943
				228 342	230 268
633 446	47 714	65 806		747 003	808 445
				2 274 709	953 048
				379 944	229 002
		552 060		552 060	552 060
628 802				628 802	669 132
	77 913			77 913	2 656
1 262 248	125 627	617 866		12 998 325	11 328 968
(8 068)	25 914			20 693	(34 817)
(376 200)			$1 707 292	1 620 134	1 572 188
			(320 360)	(766 303)	(683 540)
(376 200)			1 386 932	853 831	888 648
	(25 914)		25 914		
(376 200)	(25 914)		1 412 846	853 831	888 648
$(384 268)			$1 412 846	$874 524	$853 831

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

BALANCE SHEET
as at March 31, 2001

	General Fund	Commercial Activities Fund
ASSETS		
Current assets		
Cash on hand	$952 401	
Short-term investments (Note 10)		
Accounts receivable	433 890	$81 395
Accrued interest	14 103	
Inter-fund receivables, interest-free and no repayment terms	286 220	75 437
Current portion of Gouvernement du Québec subsidies receivable	91 862	
Other subsidies receivable		
Inventory		124 293
Prepaid expenses	49 309	200
	1 827 785	281 325
Gouvernement du Québec subsidies receivable		
Works of art in the Lavalin Collection		
Portfolio investments (Note 10)		
Fixed assets (Note 11)		
	$1 827 785	$281 325
LIABILITIES		
Current liabilities		
Bank overdraft		
Bank advances (Note 12)		
Accounts payable and accruals (Note 4)	$676 523	
Inter-fund receivables, interest-free and no repayment terms		
Interest payable		
Revenue collected in advance	45 181	$6 325
Deferred investment income (Notes 4 and 10)	417 789	
Deferred Gouvernement du Québec subsidies	885 500	
Current portion of long-term debt (Note 13)		
	2 024 993	6 325
Future fringe benefits (Notes 4 and 16)	231 846	
Long-term debt (Note 13)		
Deferred Gouvernement du Québec subsidies (Note 14)		
	2 256 839	6 325
FUND BALANCES (Note 4)		
External appropriations		275 000
Non-appropriated funds	(429 054)	
	(429 054)	275 000
	$1 827 785	$281 325

On behalf of the Board of Directors,
Pierre Bourgie
Serge Guérin

Fixed Assets Fund	Fund-Raising Campaign Fund	Lavalin Collection Fund	Endowment Fund for the Acquisition of Works of Art	Total 2001	Total 2000 (Note 4)
			$436	$952 837	$140 441
			268 960	268 960	176 501
	$64 866			580 151	445 724
				14 103	13 204
	59 384				
$642 724	90 572	$584 963		1 410 121	2 304 159
					94 556
				124 293	112 161
				49 509	13 959
642 724	214 822	584 963	269 396	3 399 974	3 300 705
6 051 273	733 861	552 060		7 337 194	8 318 754
		1 104 120		1 104 120	1 656 180
			1 512 181	1 512 181	1 261 119
635 180				635 180	1 121 551
$7 329 177	$948 683	$2 241 143	$1 781 577	$13 988 649	$15 658 309
					$88 697
$518 300				$518 300	284 100
				676 523	662 674
52 310			$368 731		
299 355	$23 857	$32 903		356 115	389 721
				51 506	75 159
				417 789	320 360
	124 250			1 009 750	800 000
325 511	66 715	552 060		944 286	944 285
1 195 476	214 822	584 963	368 731	3 974 269	3 564 996
				231 846	214 392
6 051 273	733 861	552 060		7 337 194	8 281 480
466 696		1 104 120		1 570 816	2 743 610
7 713 445	948 683	2 241 143	368 731	13 114 125	14 804 478
(384 268)			1 412 846	1 303 578	1 285 732
				(429 054)	(431 901)
(384 268)			1 412 846	874 524	853 831
$7 329 177	$948 683	$2 241 143	$1 781 577	$13 988 649	$15 658 309

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

CASH FLOWS
for the year ended March 31, 2001

	General Fund	Commercial Activities Fund
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	$(246 679)	$249 526
Items not affecting liquid assets:		
Depreciation of fixed assets		
Amortization of works art		
	(246 679)	249 526
Changes in assets and liabilities related to operations	1 070 251	
Liquid assets provided by operating activities	823 572	249 526
FINANCING ACTIVITIES		
Repayment of long-term debt		
Bank advances	(32 000)	
Liquid assets used for financing activities	(32 000)	
INVESTMENT ACTIVITIES		
Acquisition of fixed assets		
Acquisition of investments		
Liquid assets used for investment activities		
INCREASE (DECREASE) IN LIQUID ASSETS	791 572	249 526
Inter-fund contributions	249 526	(249 526)
LIQUID ASSETS, (DEFICIENCY IN LIQUID ASSETS) BEGINNING OF YEAR	(88 697)	
LIQUID ASSETS, END OF YEAR	$952 401	

Liquid assets include cash on hand less bank overdraft.

Fixed Assets Fund	Fund-Raising Campaign Fund	Lavalin Collection Fund	Endowment Fund for the Acquisition of Works of art	Total 2001	Total 2000
$(8 068)	$25 914			$20 693	$(34 817)
628 802				628 802	669 132
		$552 060		552 060	552 060
620 734	25 914	552 060		1 201 555	1 186 375
(418 368)	66 090		$177 602	895 575	(90 854)
202 366	92 004	552 060	177 602	2 097 130	1 095 521
(326 135)	(66 090)	(552 060)		(944 285)	(944 285)
266 200				234 200	99 600
(59 935)	(66 090)	(552 060)		(710 085)	(844 685)
(142 431)				(142 431)	(156 077)
			(343 521)	(343 521)	(75 011)
(142 431)			(343 521)	(485 952)	(231 088)
	25 914		(165 919)	901 093	19 748
	(25 914)		25 914		
			140 441	51 744	(16 250)
			$436	$952 837	$3 498

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Musée d'Art contemporain de Montréal was established by the National Museums Act (R.S.Q., c. M-44) to make known, promote and preserve contemporary Québec art and to ensure a place for international contemporary art through acquisitions, exhibitions and other cultural activities.

2. PURPOSE OF THE FUNDS

The General Fund accounts for the Musée's current operations.

The Commercial Activities Fund shows the Musée's commercial activities, such as the sale of exhibition catalogues, restaurant and gift shop operations, the production and sale of by-products and rental of space. Under a regulation approved by the Government in September 1994, the Fund balance must not exceed $275 000 and must be used to repay borrowings or finance the Musée's activities.

The Fixed Assets Fund shows all assets, liabilities, revenue and expenditure related to fixed assets. All amounts recorded in the Fixed Assets Fund are reserved for the acquisition of fixed assets for the Musée and the payment of related costs. The Musée may not acquire, dispose of, mortgage or rent any building without the Government's approval.

The Fund-Raising Campaign Fund receives donations for the acquisition of works of art and fixed assets.

The Lavalin Collection Fund accounts for transactions made with the loan authorized to finance the acquisition of works of art in this Collection.

The Endowment Fund for the Acquisition of Works of Art presents resources acquired through endowments. Under a regulation approved by the Government, only investment income generated by this Fund can be used to acquire works of art for the Musée's collection.

3. ACCOUNTING POLICIES

The financial statements of the Musée were prepared by management according to generally accepted accounting principles. These statements include amounts based on best estimates and judgements.

Recording of Subsidies

Subsidies are recorded using the deferral method. Appropriated subsidies are recognized as revenue in the year in which the related expenditure is incurred. Non-appropriated subsidies are recognized as revenue when they are received or are receivable if the amount receivable can be evaluated with reasonable assurance and its receipt is reasonably assured.

Endowments

Endowments are accounted for as a direct increase in the balance of the Endowment Fund for the Acquisition of Works of Art, whereas investment income is recognized as deferred investment income in the General Fund and accounted for as proceeds when used for the acquisition of works of art.

Works of Art

Acquisitions of works of art are charged to expenditure of the General Fund.

The value of works of art received as donations during the year is ascertained by experts and, if over $1 000, must be certified by the Canadian Cultural Property Export Review Board of the Government of Canada. Works of art acquired through donations are recorded in the statement of revenue and expenditure of the General Fund when all attendant conditions have been fulfilled.

Works of art in the Lavalin Collection are recorded at amortized cost. The cost of the Collection was determined jointly by the Ministère de la Culture et des Communications and the trustee in bankruptcy for Lavalin Inc. The works in the Collection are amortized according to the same terms as those respecting repayment of the principal on the long-term debt contracted for them.

3. ACCOUNTING POLICIES (cont'd)

Investments

Short-term investments are recorded at the lower of cost and market value. Portfolio investments are recorded at cost.

Fixed Assets

Fixed assets are recorded at acquisition cost and are depreciated on a straight-line basis over their estimated useful lives, namely:

Storerooms for works of art	10 years
Computer system	3 years
Musée furnishings	10 years
Musée equipment	5 years
Audiovisual equipment	3 years
Gift shop equipment	5 years
Restaurant equipment	5 years
Sculpture garden	10 years

Inventory

Gift shop inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out (FIFO) method.

Contributions in the Form of Services

The Ministère de la Culture et des Communications provides the Musée with art restoration services free of charge. These services are not shown in the financial statements. The Musée is unable to evaluate these amounts with reasonable assurance.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Musée lacks sufficient information to apply the accounting procedure for defined benefit plans.

4. CHANGES IN ACCOUNTING POLICY

Change in accounting policy – Standards affecting future fringe benefits

As of this fiscal year, the Musée records as liabilities vacation time and sick leave payable that have accumulated and that will be paid to employees when they have ceased being active. Previously, fringe benefits were recorded when used by the employees. This change has been made in order to comply with the recommendations of the CICA Handbook on future fringe benefits.

This change, applied retroactively without reprocessing the figures of past fiscal years, increases (decreases) the following items in the financial statements.

General Fund

	2001	2000
Salaries and other remuneration	$26 648	
Excess of revenue over expenditure	(26 648)	
Fund balances	(26 648)	$(445 943)
Accounts payables and accruals	240 745	231 551
Future fringe benefits	231 846	214 392

4. CHANGES IN ACCOUNTING POLICY (cont'd)

Change in accounting policy

Beginning this fiscal year, in order to ensure an adequate presentation of the net financial proceeds bound by external restrictions, as required by the CICA Handbook, the Musée records as deferred investment income in the General Fund the net income generated by the Endowment Fund for the Acquisition of Works of Art. Previously, this revenue was recorded in the statement of results for the Endowment Fund for the Acquisition of Works of Art. Under a regulation approved by the government, only investment income from Endowment Fund for the Acquisition of Works of Art resources may be used for the acquisition of works of art for the Musée collection.

Net financial proceeds are recorded as proceeds only during the fiscal year in which the corresponding acquisitions of work are recorded.

This change, applied retroactively with reprocessing of the figures for previous fiscal years, increases (decreases) the following items in the financial statements:

General Fund

	2001	2000
Deferred investment income	$417 789	$320 360
Inter-fund receivables	(417 789)	(320 360)

Endowment Fund for the Acquisition of Works of Art

	2001	2000
Investment income	$(105 945)	$(92 199)
Professional, administrative and other services	(8 516)	(9 436)
Excess (deficiency) of revenue over expenditure	(97 429)	(82 763)
Inter-fund receivables	417 789	320 360
Fund balance	(417 789)	(320 360)

5. FONDATION DU MUSÉE

The Fondation des amis du Musée d'Art contemporain de Montréal is a public foundation under section 149.1(6.3) of the Income Tax Act. The Fondation established as a non-profit organization in 1983 and headed by an independent board of directors, composed of fifteen (15) members, one of whom is a delegate from the board of directors and another of whom is a manager with the Musée. The foundation's main purpose is to support the growth of the Musée d'Art contemporain de Montréal, primarily by contributing to the enrichment of its collection. Its duties include soliciting members, managing memberships and mailing lists, planning volunteer work and promoting fund-raising activities.

During the fiscal year, the Fondation changed its name from La Fondation des Amis du Musée d'art contemporain de Montréal to La Fondation du Musée d'art contemporain de Montréal.

To help the foundation fulfil its mandate, the Musée d'Art contemporain de Montréal provides it with office space and the services required for its smooth operation (furniture, telephones, photocopies, computers and printer, office supplies and postage expenses). The Musée also makes space available to the foundation for the special events it organizes.

---

5. FONDATION DU MUSÉE (cont'd)

In return, the foundation provides the Musée with various services, such as running the cloakroom, maintaining the computerized mailing list for invitations to openings, the Musée's newsletter and its calendar of events, and providing the necessary manpower for mailings.

On behalf of the Musée, the foundation contacts benefactors who pledged donations during fund-raising campaigns. During the year, the Musée d'Art contemporain de Montréal concluded transactions with the foundation during the normal course of operations. These related party transactions include revenue from donations in the amount of $28 077 (2000: $34 515) and fund-raising expenses of $77 913 (2000: $2 656). During the fiscal year, a subsidy of $75 750 from the Ministère de la Culture et des Communications was used to cover the start-up costs of a new campaign. The amounts are posted to the Fund-Raising Campaign Fund. As at March 31, 2001, $25 000 (2000: $25 000) of the total sum is held in trust by the foundation.

In the event of dissolution or termination of the foundation's activities, any equity remaining after the foundation's debts have been discharged would be remitted to the Musée. As at March 31, 2001, the net assets of the Fondation des amis du Musée amount to $1 320 762 (2000: $1 297 830 restated balance).

6. NON-MONETARY TRANSACTIONS

The Musée exchanges goods and services with certain suppliers. These transactions were recorded at the fair value of the goods and services exchanged and are included in the following items of the statement of results.

General Fund

	2001	2000
Revenue		
Sponsorships and other donations	$119 416	
Expenditure		
Professional, administrative and other services	111 416	
Transportation and communications	8 000	
	$119 416	

7. INVESTMENT INCOME

	2001	2000
Income from unappropriated resources	$72 206	$24 196
Income from resources held in the Endowment Fund for the Acquisition of Works of Art	97 429	82 763
Less: Deferred amounts slated for the acquisition of works of art	(97 429)	(82 763)
Total investment incomes recorded as proceeds	$72 206	$24 196

8 COLLECTIONS

The Musée d'Art contemporain de Montréal holds 6 117 works of art, including 1 326 in the Lavalin Collection, which the Musée acquired in 1992 through a special $5.4-million subsidy from the Gouvernement du Québec. The Musée's overall collection comprises paintings, sculptures, prints, photographs, installation works, films and videos, most of which were produced after 1939, the cutoff date for the period covered by the Musée's activities. The Musée develops its collection in keeping with the mandate entrusted to it under its governing statute, that is, to ensure a place for contemporary Québec art on the Canadian and international art scenes.

Among other things, the Musée maintains archival collections, comprising primarily the Fonds Borduas, the Fonds Boulerice and the Fonds Mousseau.

During fiscal 2000-2001, the Musée acquired 225 works of art and archives (2000: 142), 14 of which were purchased (2000: 21) for a total of $379 944 (2000: $229 002). The Musée issued receipts totalling $2 274 709 (2000: $953 048) for the 211 donations accepted (2000: 121).

9. INTER-FUND CONTRIBUTIONS

	General Fund		Commercial Activities Fund		Fund-Raising Campaign Fund		Endowment Fund for the Acquisition of Works or art	
Objects	2001	2000	2001	2000	2001	2000	2001	2000
Positive fund balance (a)					$(25 914)	$(31 859)	$25 914	$31 859
Positive fund balance (b)	$249 526	$210 005	$(249 526)	$(210 005)				
	$249 526	$210 005	$(249 526)	$(210 005)	$(25 914)	$(31 859)	$25 914	$31 859

a) Transfer of net figures from the Fund-Raising Campaign Fund to the Endowment Fund for the Acquisition of Works of Art.

b) Transfer to the General Fund of the portion of the Commercial Activities Fund balance in excess of $275 000.

10. ENDOWMENT FUND - INVESTMENTS

	2001		2000	
	Cost	Market value	Cost	Market value
Short-term investments				
Treasury bills maturing in June and July 2001, interest from 4.64% to 4.72 %	$268 960	$268 972	$176 501	$177 669

10. ENDOWMENT FUND – INVESTMENTS (cont'd)

	2001		2000	
	Cost	Market value	Cost	Market value
Portfolio investments				
Bonds maturing between				
1 to 5 years, interest from 6% to 9.15%	$149 939	$140 733	$199 933	$188 393
6 to 10 years, interest from 5.5% to 10.35%	346 379	344 741	211 209	202 692
11 years and more, interest from 5.8% to 10.25%	205 259	204 930	250 721	236 919
	701 577	690 404	661 863	628 004
Shares	810 604	913 384	599 256	661 197
	$1 512 181	$1 603 788	$1 261 119	$1 289 201

The net investment income accumulated at March 31, 2001, and available for acquisitions under the Fund's regulations, totalled $417 789 (2000: $320 361) and are recorded as deferred investment income in the General Fund.

11. FIXED ASSETS FUND - FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Storerooms for works of art	$629 128	$554 961	$74 167	$123 016
Computer system	552 977	513 531	39 446	106 452
Musée furnishings	3 366 878	2 998 208	368 670	686 062
Musée equipment	165 702	116 695	49 007	56 618
Audiovisual equipment	170 317	127 003	43 314	32 510
Gift shop equipment	47 434	39 368	8 066	16 134
Restaurant equipment	86 090	85 682	408	971
Sculpture garden	477 848	425 746	52 102	99 788
	$5 496 374	$4 861 194	$635 180	$1 121 551

12. FIXED ASSETS FUND– BANK ADVANCES

	General Fund		Fixed Assets Fund		Total	
	2001	2000	2001	2000	2001	2000
Line of credit, payable on demand, authorized by order of council for a maximum of $1 000 000 bearing interest at the prime rate		$32 000			$32 000	$32 000
Demand loans authorized by decree for a maximum amount of $720 100 bearing interest at the prime rate			$518 300	$252 100	$518 300	$252 100
		$32 000	$518 300	$252 100	$518 300	$284 100

13. LONG-TERM DEBT

	Fixed Assets Funds	Fund-Raising Campaign Fund	Lavalin Collection Fund	Total 2001	Total 2000
Borrowing on a note from the Financing Fund of the Gouvernement du Québec, 9.5% guaranteed by the Gouvernement du Québec, repayable in nine annual instalments of $308 832 beginning April 1, 1996 and a final instalment of $4 941 312 on April 1, 2005 *	$6 176 640			$6 176 640	$6 485 472
Borrowing on a note from the Financing Fund of Gouvernement du Québec, 5.96%, guaranteed by the Gouvernement du Québec, repayable in four annual instalments of $83 393 beginning April 1, 1999 and a final instalment of $917 328 $ on April 1, 2002 *	200 144	$800 576		1 000 720	1 084 113
Borrowing on a note from the Financing Fund of Gouvernement du Québec, 5.96%, guaranteed by the Gouvernement du Québec, repayable in five annual instalments of $552 060 beginning April 1, 1998 and maturing on April 1, 2002 *			$1 104 120	1 104 120	1 656 180
	6 376 784	800 576	1 104 120	8 281 480	9 225 765
Less: current portion	325 511	66 715	552 060	944 286	944 285
	$6 051 273	$733 861	$552 060	$7 337 194	$8 281 480

* The principal on these loans is paid in annual instalments out of the Gouvernement du Québec subsidy received for this purpose.

Payments of principal on the long-term debt for the next five fiscal years are as follows:

2002	$944 285
2003	1 778 220
2004	308 832
2005	308 832
2006	4 941 312

14. DEFERRED GOUVERNEMENT DU QUÉBEC SUBSIDIES

The deferred subsidies shown in the Fixed Assets Fund and the Lavalin Collection Fund include the non-amortized portion of contributions received and receivable in the form of subsidies.

	2001	2000
Fixed Assets Fund		
Opening balance	$1 087 430	$1 741 183
Amortization of deferred subsidies	(620 734)	(653 753)
Closing balance	466 696	1 087 430
Lavalin Collection Fund		
Opening balance	1 656 180	2 208 240
Amortization of deferred subsidies	(552 060)	(552 060)
Closing balance	1 104 120	1 656 180
Total	$1 570 816	$2 743 610

15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Musée is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Musée did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

16. GENERAL FUND – FUTURE FRINGE BENEFITS

Pension plans

The staff members of the Musée participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Musée's contributions charged to the year-end statement amount to $115 758 (2000: $162 161). The liability of the Musée towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

MANAGEMENT'S REPORT

The financial statements of the Musée d'Art contemporain de Montréal were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. Management carries out audits periodically to ensure that the internal controls applied regularly by the Musée are appropriate and consistent.

The Musée recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the budget, audit and management advisory committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Musée's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the budget, audit and management advisory committee to discuss any element concerning his audit.

Marcel Brisebois
Director General

Montréal, June 8, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Musée d'Art contemporain de Montréal as at March 31, 2001, and the statements of income and changes in fund balances and of cash flows for the year then ended. These financial statements are the responsibility of the Musée's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Musée as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in recording vacation time and sick leave accumulated by the employees, disclosed in Note 4, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 8, 2001

MUSÉE DE LA CIVILISATION
(R.S.Q., c. M-44)

INCOME
for the year ended March 31, 2001

	2001	2000
REVENUE		
Gouvernement du Québec subsidies		
Operations	$17 211 700	$17 415 300
Other (Note 3)	5 343 103	4 304 431
Other subsidies for specific projects	395 074	326 949
Financial sponsorships (Note 4)	882 517	844 759
Contribution – Fondation du Musée de la Civilisation (Note 5)	500 800	41 700
Admission fees	924 941	636 443
Gift shop	648 554	444 573
Exhibition loans	730 753	539 958
Franchises and rentals	296 296	185 841
Sales of services	149 636	151 810
Sale of goods	101 314	125 339
Interest on short-term investments	166 067	95 556
Other	42 449	65 821
	27 393 204	25 178 480
Sponsorships in exchange for goods and services	561 251	252 487
	27 954 455	25 430 967
EXPENDITURE		
Salaries and fringe benefits	10 370 774	10 042 490
Professional services	4 530 855	4 554 348
Rent	780 154	337 614
Transportation and communications	2 085 871	1 516 890
Equipment and supplies	2 509 993	2 300 132
Maintenance and repairs	798 748	736 351
Administrative expenses	125 195	161 725
Municipal and school taxes	1 962 970	1 929 828
Acquisitions for Musée collections	30 683	111 045
	23 195 243	21 690 423
Interest on long-term debt	1 596 501	1 322 057
Depreciation of fixed assets	2 217 760	2 124 118
	3 814 261	3 446 175
Exchange for goods and services		
Professional services	104 000	121 076
Transportation and communications	431 551	123 141
Equipment and supplies	25 700	8 270
	561 251	252 487
	27 570 755	25 389 085
EXCESS OF REVENUE OVER EXPENDITURE	$383 700	$41 882

MUSÉE DE LA CIVILISATION

CHANGES IN NET ASSETS
for the year ended March 31, 2001

	2001			2000
	Invested in fixed assets	Non-appropriated	Total	Total
NET ASSETS, BEGINNING OF YEAR	$133 953	$26 365	$160 318	$118 436
Excess (deficiency) of revenue over expenditure	(132 300)	516 000	383 700	41 882
Fixed asset investments	303 348	(303 348)		
NET ASSETS, END OF YEAR	$305 001	$239 017	$544 018	$160 318

MUSÉE DE LA CIVILISATION

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$110 145	
Short-term investments (Note 6)	1 042 076	$916 702
Accounts receivable	1 179 049	1 110 176
Gouvernement du Québec subsidies receivable (Note 7)	2 893 489	2 911 002
Contribution receivable from the Fondation du Musée de la Civilisation	499 000	
Gift shop inventory	167 889	209 017
Prepaid expenses	645 320	550 375
	6 536 968	5 697 272
Deferred expenses	64 890	105 709
Gouvernement du Québec subsidies receivable (Note 7)	19 594 558	19 872 422
Fixed assets (Note 8)	35 125 498	36 396 928
	$61 321 914	$62 072 331
LIABILITIES		
Current liabilities		
Outstanding cheques less cash on hand		$329 423
Bank loan (Note 9)		75 000
Accounts payable and accruals	$3 139 501	2 237 448
Accrued interest	658 834	529 420
Deferred revenue		
Gouvernement du Québec	390 745	161 900
Other	614 934	506 798
Instalments on long-term debt (Note 11)	1 601 282	1 601 282
	6 405 296	5 441 271
Deferred subsidies (Note 10)	35 689 450	36 492 310
Long-term debt (Note 11)	18 683 150	19 978 432
	60 777 896	61 912 013
NET ASSETS		
Net assets invested in fixed assets	305 001	133 953
Non appropriated net assets	239 017	26 365
	544 018	160 318
	$61 321 914	$62 072 331

On behalf of the Board of Directors,
Henri Grondin
Michèle-B. Rousseau

MUSÉE DE LA CIVILISATION

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$383 700	$41 882
Adjustments for:		
Amortization of deferred expenses	40 819	36 000
Depreciation of fixed assets	2 217 760	2 124 118
Amortization of deferred subsidies	(2 085 460)	(2 005 007)
	556 819	196 993
Change in non-cash elements of the Working Capital Fund		
Increase in accounts receivable	(68 873)	(24 043)
Change in Gouvernement du Québec subsidies receivable	17 513	(665 805)
Increase in the contribution receivable from the Fondation du Musée de la Civilisation	(499 000)	
Change in gift shop inventory	41 128	(24 232)
Increase in prepaid expenses	(94 945)	(15 404)
Change in accounts payable and accruals	554 464	(358 302)
Change in accrued interest (Note 14)	129 414	(10 315)
Increase in deferred revenue	336 981	305 317
	416 682	(792 784)
Cash flows related to operating activities	973 501	(595 791)
FINANCING ACTIVITIES		
Gouvernement du Québec subsidies received	1 560 464	1 294 702
Deferred expenses		(33 724)
Long-term debt	306 000	6 131 600
Repayment on long-term debt	(1 601 282)	(4 498 702)
Cash flows related to financing activities	265 182	2 893 876
INVESTMENT ACTIVITIES		
Cash flows related to investment activities		
Acquisition of fixed assets (Note 14)	(598 741)	(2 154 015)
INCREASE IN CASH AND CASH EQUIVALENTS	639 942	144 070
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	512 279	368 209
CASH AND CASH EQUIVALENTS, END OF YEAR	$1 152 221	$512 279

The Musée's cash and cash equivalents include cash on hand (outstanding cheques less cash on hand) and short-term investments less bank loan.

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Musée de la Civilisation was established under the National Museums Act (R.S.Q., c. M-44). Its functions are to make known the history and the various cultural elements of our civilization, particularly the social and material aspects of the cultures of the occupants of the territory of Québec and the cultures that have contributed to the enrichment of those cultures, to ensure the preservation and development of the ethnographic collection and other representative collections of our civilization and to ensure the participation of Québec in the international network of museological events through acquisitions, exhibitions and other cultural activities.

2. ACCOUNTING POLICIES

The financial statements of the Musée were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Subsidies

Subsidies are recorded using the deferral method. Appropriated subsidies are recognized as revenue in the year in which the related expenditure is incurred. Non-appropriated subsidies are recognized as revenue when they are received or are receivable if the amount receivable can be evaluated with reasonable assurance and its receipt is reasonably assured.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Musée lacks sufficient information to apply the acccunting procedure for defined benefit plans.

Acquisitions for Musée Collections

Works purchased for the Musée's collections are charged to operations; donated works are not recorded in the financial statements.

Gift Shop Inventory

The inventory of the Musée's gift shop is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out (FIFO) method.

Deferred Expenses

Issue expenses on the long-term debt are deferred and amortized over the term of the debt on a straight-line basis.

Fixed Assets

Fixed assets are recorded at acquisition cost or, if they are acquired free of charge, according to the municipal assessment on the date of acquisition. They are depreciated on a straight-line basis over their estimated useful lives, namely:

2. ACCOUNTING POLICIES (cont'd)

Fixed Assets (cont'd)

Buildings	40 years
Building additions and furnishings	10 years
Leasehold improvements	10 years
Furniture and equipment	5 years
Handling, storage, processing and production equipment	5 years
Lighting and sound equipment	5 years
Commercial activity equipment	5 years
Data processing and audiovisual equipment	3 years

Contributions in the Form of Goods and Services

The Musée receives goods and services free of charge, including restoration services for art works and objects from the Ministère de la Culture et des Communications. These contributions are reported in the financial statements.

3. SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC - OTHER

	2001	2000
Subsidies for payment of interest on the long-term debt	$1 596 501	$1 322 057
Amortization of deferred subsidies	2 085 460	2 005 007
Specific projects	917 642	277 367
Centre d'interprétation de Place-Royale	743 500	700 000
	$5 343 103	$4 304 431

4. FINANCIAL SPONSORSHIPS

	2001	2000
Sponsorships received in exchange for publicity items, recognized when the related exhibition is shown	$233 762	$154 600
Sponsorships received for showing exhibitions	349 805	543 959
Gouvernement du Québec contributions for showing exhibitions	298 950	146 200
	$882 517	$844 759

5. CONTRIBUTION - FONDATION DU MUSÉE DE LA CIVILISATION

The Fondation du Musée de la Civilisation, which is subject to significant influence by the Musée, is established by virtue of Part III of the Québec Companies Act. It was established to solicit funds in order to finance the Musée's cultural and educational activities. In accordance with the regulations governing the Fondation, contributions may be paid to the Musée de la Civilisation only if the Fondation posts a surplus of $300 000. Furthermore, should the Fondation wind down, its net assets would be remitted to the Musée. The Fondation's net assets as at March 31, 2001 amounted to $487 729 (2000: $435 656).

6. SHORT-TERM INVESTMENTS

Short-term investments, comprising mutual funds bearing interest at the short-term rat of return, are recorded at cost.

7. GOUVERNEMENT DU QUÉBEC SUBSIDIES RECEIVABLE

Gouvernement du Québec subsidies receivable entered as current assets correspond to interest accrued on the long-term debt and to payments of principal on the long-term debt to be made during the coming fiscal year and other operating subsidies receivable.

Those entered as deferred subsidies represent the total Gouvernement du Québec commitments related to the acquisition and maintenance of fixed assets less payments of principal on the long-term debt already made or to be made during the coming fiscal year.

8. FIXED ASSETS

	2001			2000
	Cost or stated value	Accumulated depreciation	Net	Net
Land	$2 532 891		$2 532 891	$2 532 891
Buildings	40 579 116	$13 035 645	27 543 471	28 549 083
Building additions and furnishings	8 043 721	7 247 367	796 354	353 835
Leasehold improvements	4 136 802	1 140 332	2 996 470	3 403 460
Office furniture and equipment	1 986 138	1 164 488	821 650	1 094 556
Handling, storage, processing and production equipment	384 617	372 926	11 691	39 734
Lighting and sound equipment	745 815	643 571	102 244	178 674
Commercial activity equipment	94 050	44 112	49 938	59 653
Data processing and audiovisual equipment	753 086	482 297	270 789	185 042
	$59 256 236	$24 130 738	$35 125 498	$36 396 928

During the fiscal year, the Musée acquired fixed assets totalling $946 330 (2000: $2 154 015), $303 348 (2000: $47 799) of which came out of the $642 982 (2000: $2 106 216) operating subsidy of the Gouvernement du Québec subsidies received for the acquisition and maintenance of fixed assets.

9. BANK LOAN

The Gouvernement du Québec authorized the Musée to contract short-term loans of up to $3 000 000 at the prime rate, renewable on June 30, 2001.

10. DEFERRED SUBSIDIES

	2001	2000
Opening balance	$36 492 310	$36 574 904
Gouvernement du Québec commitments related to the acquisition and maintenance of fixed assets	1 282 600	1 922 413
Amortization of deferred subsidies	(2 085 460)	(2 005 007)
Closing balance	$35 689 450	$36 492 310

11. LONG-TERM DEBT

	2001	2000
Borrowings on a note from the Financing Fund of the Gouvernement du Québec, guaranteed by the Gouvernement du Québec:		
10.24% repayable in annual instalments of $417 792 on the principal of the borrowing, maturing October 24, 2001 *	$6 684 672	$7 102 464
7.16% repayable in annual instalments of $86 073 on the principal of the borrowing, maturing October 1, 2007 *	1 032 880	1 118 954
7.16% repayable in annual instalments of $79 547 on the principal of the borrowing, maturing October 1, 2007 *	954 560	1 034 106
5.25% repayable in annual instalments of $209 020 on the principal of the borrowing, maturing April 1, 2002 *	1 463 140	1 672 160
5.49% repayable in annual instalments of $502 270 on the principal of the borrowing, maturing October 24, 2001 *	4 018 160	4 520 430
6.85% repayable in annual instalments of $306 580 on the principal of the borrowing, maturing October 1, 2007 *	5 825 020	6 131 600
Bank loan **		
Prime rate. As at March 31, 2001, the rate is of 6.75%	306 000	-
	20 284 432	21 579 714
Instalments due within one year	1 601 282	1 601 282
	$18 683 150	$19 978 432

* Principal payments on these borrowings are made annually out of subsidies provided for this purpose by the Gouvernement du Québec.

** Debts for fixed assets are considered long-term, since they will be repaid through long-term financing.

Payments of principal on the long-term debt for the next five fiscal years are as follows:

2002	$1 601 282
2003	1 601 282
2004	1 601 282
2005	1 601 282
2006	1 601 282

12. WORKS DONATED FOR MUSÉE COLLECTIONS

The Musée gives receipts for donated works, the value of which is certified by the Canadian Cultural Property Export Review Board. The cumulative value of works donated since 1991 breaks down as follows:

	2001	2000
Opening balance	$3 462 133	$3 248 076
Receipt issued	106 534	214 057
Closing balance	$3 568 667	$3 462 133

13. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Musée is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Musée did not conclude any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

14. CASH FLOWS

Fixed assets

During the fiscal year, fixed assets were acquired at a total cost of $946 330, of which fixed assets totalling $347 589 are included under accounts receivable and accrued liability as at March 31, 2001. Disbursement of $598 741 were incurred for the purchase of the fixed assets.

Interest paid

	2001	2000
Interest paid during the fiscal year	$1 449 230	$1 545 727

15. PENSION PLANS

The staff members of the Musée de la Civilisation participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Musée's contributions charged to the year-end statement amount to $248 522 (2000: $435 638). The liability of the Musée towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

16. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

MANAGEMENT'S REPORT

The financial statements of the Musée de la Civilisation were drawn up by management, which is responsible for their preparation and presentation, as well as for the estimates and significant judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. Management carries out audits periodically to ensure that the internal controls applied regularly by the Musée are appropriate and consistent.

The Musée recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. This committee meets with management, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Musée's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Roland Arpin
Director General

Guy Boivin
Director of Administration

Québec, May 24, 2001

MUSÉE DE LA CIVILISATION

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Musée de la Civilisation as at March 31, 2001, and the statements of income, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Musée's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Charges related to vacation time earned by Musée employees are recorded in the fiscal year during which the vacation time is usable. Charges related to sick leave accumulated by employees are recorded under results for the fiscal year during which it is used. In this regard, the financial statements do not comply with generally recognized Canadian accounting principles. The charges related to this vacation time and sick leave should be recorded under results for the fiscal year during which the employees render the services entitling them to these benefits. Had they been recorded properly and retroactively, a provision for sick leave and vacation time totalling $1 991 138 would have been recorded as a liability in the balance statement as at March 31, 2001 as well as an accumulated deficit of $1 447 120 at this date. Moreover, the charges for the fiscal year ending March 31, 2001 would have been higher by $120 484 while the surplus of proceeds over charges would have been lower by the same amount.

In my opinion, with the exception of the effects, mentioned in the preceding paragraph, of the improper recording of charges related to sick leave and vacation time of Musée employees, these financial statements present, in all material respects, the financial position of the Musée as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 8, 2001

MUSÉE DU QUÉBEC
(R.S.Q., c. M-44)

INCOME
for the year ended March 31, 2001

	2001					2000
	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund	Total	Total
REVENUE						
Subsidies from the Gouvernement du Québec (Note 4)	$11 877 200		$4 209 363		$16 086 563	$14 966 735
Subsidies from the Government of Canada (Note 5)	694 395				694 395	302 461
Other subsidies						57 667
Admission fees	366 429				366 429	622 799
Gift shop		$372 983			372 983	376 236
Publications		35 454			35 454	67 970
Space rental (Note 6)		368 697			368 697	290 579
Ancillary services	54 637	123 692			178 329	183 136
Sponsorships (Note 6)	293 736				293 736	291 465
Contribution – Fondation du Musée du Québec (Note 7)	175 000				175 000	750 000
Contribution – Amis du Musée du Québec (Note 8)	100 000				100 000	183 000
Works of art and exhibitions on loan	95 574				95 574	146 067
Donations	1 004 925				1 004 925	16 766
Investment income (Note 9)	104 978	31 952			136 930	81 069
Other	161 196				161 196	217 499
	14 928 070	932 778	4 209 363		20 070 211	18 553 449
EXPENDITURE						
Salaries and fringe benefits	5 826 577	183 587			6 010 164	5 983 490
Professional, administrative and other services (Note 6)	2 736 279	249 584			2 985 863	3 073 062
Transportation and communications (Note 6)	1 075 079	3 151			1 078 230	1 587 726
Materials and supplies	947 712	218 569			1 166 281	955 953
Acquisition of works of art (Note 10)	3 037 690				3 037 690	971 490
Exhibitions on loan	100 595				100 595	312 785
Rental of equipment and space (Note 6)	209 265	1 005			210 270	178 876
Municipal and school taxes	1 205 320				1 205 320	1 225 102
Amounts carried forward	$15 138 517	$655 896			$15 794 413	$14 288 484

MUSÉE DU QUÉBEC

INCOME (cont'd)
for the year ended March 31, 2001

	2001					2000
	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund	Total	Total
Amounts brought forward	$15 138 517	$655 896			$15 794 413	$14 288 484
Interest on long-term debt			2 549 261 $		2 549 261	2 631 136
Amortization of deferred expenses			98 290		98 290	95 069
Depreciation of fixed assets			1 585 923		1 585 923	1 573 608
Other	43 308	673			43 981	66 943
	15 181 825	656 569	4 233 474		20 071 868	18 655 240
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	$(253 755)	$276 209	$(24 111)		$(1 657)	$(101 791)

CHANGES IN FUND BALANCES
for the year ended March 31, 2001

	2001					2000
	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund	Total	Total
OPENING FUND BALANCES	$74 949	$400 000	$1 520 577	$1 043 716	$3 039 242	$2 952 783
Excess (deficiency) of revenue over expenditure	(253 755)	276 209	(24 111)		(1 657)	(101 791)
Contribution – Fondation du Musée du Québec (Note 7)						188 250
Inter-fund transfers (Note 11)	276 209	(276 209)				
CLOSING FUND BALANCES	$97 403	$400 000	$1 496 466	$1 043 716	$3 037 585	$3 039 242

MUSÉE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001					2000
	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund	Total	Total
ASSETS						
Current assets						
Cash on hand, 5.10%		$481 315	$835	$175 154	$657 304	$893 902
Accounts receivable and accrued interest	$555 679	8 534		8 270	572 483	517 660
Inter-fund receivables, interest-free and no repayment terms (Note 11)	465 207					
Subsidies receivable						
Gouvernement du Québec (Note 12)	680 000		3 043 904		3 723 904	3 815 063
Government of Canada	520 500				520 500	105 000
Inventory		176 363			176 363	117 260
Prepaid expenses	387 507				387 507	402 348
	2 608 893	666 212	3 044 739	183 424	6 038 061	5 851 233
Investments (Note 13)				935 505	935 505	871 375
Deferred expenses			109 320		109 320	207 610
Gouvernement du Québec subsidies receivable (Note 12)			28 166 805		28 166 805	29 238 091
Fixed assets (Note 14)			32 839 953		32 839 953	33 932 043
	$2 608 893	$666 212	$64 160 817	$1 118 929	$68 089 644	$70 100 352

On behalf of the Board of Directors,
Paule Leduc
Lyne-Sylvie Perron

MUSÉE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001					2000
	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund	Total	Total
LIABILITIES						
Current liabilities						
Bank overdraft	$20 986				$20 986	
Accounts payable and accruals	1 226 585				1 226 585	$1 253 449
Inter-fund receivables, interest-free and no repayment terms (Note 11)		$266 212	$123 782	$75 213		
Accrued interest			1 257 477		1 257 477	1 258 532
Deferred subsidies						
Gouvernement du Québec	825 000				825 000	550 000
Government of Canada	85 246				85 246	82 141
Other deferred revenue	234 078				234 078	195 506
Instalment on long-term debt (Note 15)			1 776 485		1 776 485	1 776 485
	2 391 895	266 212	3 157 744	75 213	5 425 857	5 116 113
Deferred investment income	119 595				119 595	32 002
Gouvernement du Québec deferred subsidies (Note 16)			32 474 501		32 474 501	33 429 403
Long-term debt (Note 15)			27 032 106		27 032 106	28 483 592
	2 511 490	266 212	62 664 351	75 213	65 052 059	67 061 110
FUND BALANCES						
Fixed asset investments			1 496 466		1 496 466	1 520 577
External restrictions				1 043 716	1 043 716	1 043 716
Internal restrictions		400 000			400 000	400 000
Non-appropriated funds	97 403				97 403	74 949
	97 403	400 000	1 496 466	1 043 716	3 037 585	3 039 242
	$2 608 893	$666 212	$64 160 817	$1 118 929	$68 089 644	$70 100 352

CASH FLOWS
for the year ended March 31, 2001

	2001					2000
	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund	Total	Total
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenditure	$(253 755)	$276 209	$(24 111)		$(1 657)	$(101 791)
Items not affecting liquid assets						
Amortization of deferred expenses			98 290		98 290	95 069
Depreciation of fixed assets			1 585 923		1 585 923	1 573 608
Amortization of deferred subsidies			(1 660 102)		(1 660 102)	(1 715 995)
	(253 755)	276 209			22 454	(149 109)
Change in non-cash items related to operations						
Accounts receivable and accrued interest	(53 978)	1 820		$(2 665)	(54 823)	(20 996)
Subsidies receivable	(380 352)		56 011		(324 341)	(611 455)
Inventory		(59 103)			(59 103)	(21 225)
Prepaid expenses	14 841				14 841	257 470
Accounts payable and accruals	(9 929)	(16 935)			(26 864)	(10 148)
Accrued interest			(1 055)		(1 055)	(57 918)
Deferred subsidies	316 677				316 677	262 217
Deferred investment income	87 593				87 593	32 002
Inter-fund receivables	(143 613)	66 231	114 171	(36 789)		(112 002)
	(168 761)	(7 987)	169 127	(39 454)	(47 075)	(282 055)
Cash flows provided by (used for) operating activities	(422 516)	268 222	169 127	(39 454)	(24 621)	(431 164)
INVESTMENT ACTIVITIES						
Acquisition of investments				(64 130)	(64 130)	(871 375)
Acquisitions of fixed assets			(493 833)		(493 833)	(1 149 908)
Cash flows used for investment activities			(493 833)	(64 130)	(557 963)	(2 021 283)
Amounts carried forward	$(422 516)	$268 222	$(324 706)	$(103 584)	$(582 584)	$(2 452 447)

MUSÉE DU QUÉBEC

CASH FLOWS (cont'd)
for the year ended March 31, 2001

	2001					2000
	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund	Total	Total
Amounts brought forward	$(422 516)	$268 222	$(324 706)	$(103 584)	$(582 584)	$(2 452 447)
FINANCING ACTIVITIES						
Contribution – Fondation du Musée du Québec						188 250
Gouvernement du Québec subsidies received			1 776 486		1 776 486	1 600 545
Long-term debt			325 000		325 000	2 639 100
Deferred expenses						(14 600)
Repayment of long-term debt			(1 776 486)		(1 776 486)	(2 734 243)
Cash flows provided by financing activities			325 000		325 000	1 679 052
INCREASE (DECREASE) IN CASH	(422 516)	268 222	294	(103 584)	(257 584)	(773 395)
CASH, BEGINNING OF YEAR	125 321	489 302	541	278 738	893 902	1 667 297
INTER-FUND TRANSFERS	276 209	(276 209)				
(DEFICIENCY) CASH, END OF YEAR	$(20 986)	$481 315	$835	$175 154	$636 318	$893 902

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Musée du Québec was established under the National Museums Act (R.S.Q., c. M-44) to contribute to Québec's cultural development by making known, promoting and preserving Québec art of all periods, from ancient art to contemporary art, and by ensuring a place for international art through acquisitions, exhibitions and other cultural activities.

2. FUND OBJECTIVES

The Operating Fund presents the Musée's current operations.

The Commercial Activities Fund presents the Musée's commercial activities such as operation of the bookstore-giftshop, publishing and parking and space rental. Under a regulation approved by the Government in January 1999, the balance of this Fund, which must be used to fund the Musée's commercial activities, may not exceed $400 000. The Fund's balance must be used to repay loans or finance Musée activities.

The Fixed Assets Fund presents the assets, liabilities, products and charges related to fixed assets. That portion of the Fund's balance that is not invested in fixed assets is reserved for the acquisition of fixed assets for the Musée and the payment of related fees. Moreover, the Musée may not, without the Government's prior authorization, acquire, dispose of, mortgage or rent an immovable.

The Endowment Fund presents the resources received in the form of endowments. Under a regulation approved by the Government, only investment income from the resources of this Fund may be used for fixed assets and the acquisition of works of art for the Musée Collection.

3. ACCOUNTING POLICIES

The financial statements of the Musée were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Contributions

The Musée uses the deferral method for recording contributions. The contributions made are posted as products for the fiscal year in which the related charges are incurred. Unappropriated contributions are posted as products when they are received or receivable, if the amount receivable can be reasonably estimated and if it is reasonably certain that it will be received.

Endowments

Endowments are recorded as a direct increase in the Endowment Fund's balance, whereas the investment income earned by this Fund is posted as a product of the appropriate fund in the fiscal year during which the related expenses are incurred.

Works of Art

Acquisitions of works of art are charged to expenditure of the General Fund; donated works are not recorded in the financial statements.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined according to the first in, first out (FIFO) method.

Investments

Portfolio investment are recorded at cost.

3. ACCOUNTING POLICIES (cont'd)

Deferred Expenses

Discounts and issue expenses on the long-term debt are deferred and amortized over the term of the debt. Discounts are amortized according to the effective interest method to take into account the difference between the effective rate and the nominal rate of the debt. Issue expenses are amortized according to the straight-line method.

Fixed Assets

Fixed assets are recorded at cost or, if they are acquired free of charge, according to the municipal assessment on the date of acquisition. They are depreciated over their estimated useful lives on a diminishing-balance basis, at the following rates:

Buildings	4%
Building development	10%
Equipment	
Musée	20%
Restaurant	20%
Audiovisual	20%
Office	20%
Data processing	30%
Automotive equipment	30%

Contributions in the Form of Services

The Ministère de la Culture et des Communications provides the Musée with art restoration services free of charge. These services are not shown in the financial statements.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Musée lacks sufficient information to apply the accounting procedure for defined benefit plans.

4. SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC

	2001			2000
	General Fund	Fixed Assets Fund	Total	Total
Operating expenses	$10 502 200		$10 502 200	$10 119 337
Specific projects	1 375 000		1 375 000	500 267
Interest on long-term debt		$2 549 261	2 549 261	2 631 136
Amortization of deferred Gouvernement du Québec subsidies		1 660 102	1 660 102	1 715 995
	$11 877 200	$4 209 363	$16 086 563	$14 966 735

5. GENERAL FUND - GOVERNMENT OF CANADA SUBSIDIES

	2001	2000
Department of Heritage Canada	$579 395	$194 461
Canada Council	115 000	108 000
	$694 395	$302 461

6. NON-MONETARY TRANSACTIONS

The Musée exchanges goods and services with certain suppliers. These non-monetary transactions are posted to the following items in the statement of income at the fair value of the goods and services exchanged:

	2001	2000
General Fund		
Revenue		
Sponsorships	$155 736	$213 965
Expenditure		
Transportation and communications	155 736	198 965
Rental of equipment and space		15 000
Commercial Activities Fund		
Revenue		
Space rental	151 148	158 215
Expenditure		
Professional, administrative and other services	151 148	158 215

7. GENERAL FUND - CONTRIBUTION - FONDATION DU MUSÉE DU QUÉBEC

The Fondation du Musée du Québec, which is subject to significant influence by the Musée, was established under Part III of the Companies Act. Its function is to promote culture and the arts and organize fund-raising campaigns in order to finance the Musée du Québec's activities. To help the Fondation fulfil its mandate, the Musée provides it with some office space and staff required for its smooth operation. Should the Fondation wind down, the full balance of funds would be remitted to the Musée. Fund balances as at March 31, 2001 amounted to $116 822 (2000: $39 458).

8. GENERAL FUND - CONTRIBUTION - AMIS DU MUSÉE DU QUÉBEC

The Amis du Musée du Québec began operations on September 2, 1982. The purpose of this organization is to promote the interests of the Musée du Québec and interest the public in the arts in general.

9. INVESTMENT INCOME

	2001	2000
Revenue from unappropriated resources	$136 930	$81 069
Revenue from resources held as allocations	87 593	32 002
Total investment income earned during the fiscal year	224 523	113 071
Minus deferred amounts		
Appropriated to immovables and acquisition of works of art for the Musée du Québec collection	(87 593)	(32 002)
Total investment income accounted for as proceeds	$136 930	$81 069

10. GENERAL FUND - WORKS OF ARTS

Works owned by the Musée du Québec are divided between the permanent collection and the collection of works for loan.

The permanent collection contains paintings, sculpture, illustrations, prints and photographs as well as decorative arts and design. This collection focuses on Québec art from all periods, from ancient to contemporary art.

The collection of works for loan was established by the Ministère des Affaires culturelles in 1982 as part of its measures to stimulate artistic creation in Québec through the acquisition of works by young artists. This collection, which contains the same type of works as the permanent collection, is intended for show primarily in public buildings of the Gouvernement du Québec and in Québec delegations abroad.

The cumulative cost of works of art acquired since the Musée du Québec was established on May 16, 1984 breaks down as follows:

	2001			2000
	Permanent collection	Collection for loan	Total	Total
Opening balance	$5 697 585	$2 639 630	$8 337 215	$7 365 725
Purchases	2 862 825	174 865	3 037 690	971 490
Closing balance	$8 560 410	$2 814 495	$11 374 905	$8 337 215

The Musée gives receipts for donated works, the value of which is certified by the Canadian Cultural Property Export Review Board. The cumulative value of donated works breaks down as follows:

	2001	2000
Opening balance	$16 036 256	$14 673 495
Receipts issued	2 212 595	1 362 761
Closing balance	$18 248 851	$16 036 256

11. INTER-FUND RECEIVABLES

	2001			
Objects	General Fund	Commercial Activities Fund	Fixed Assets Fund	Endowment Fund
Inter-fund transfers (a)	$276 209	$(276 209)		
Other inter-fund transfers	188 998	9 997	$(123 782)	$(75 213)
	$465 207	$(266 212)	$(123 782)	$(75 213)

(a) Transfer to General Fund of the portion of the Commercial Activities Fund's balance that exceeds $400 000.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

12. FIXED ASSETS FUND - GOUVERNEMENT DU QUÉBEC SUBSIDIES RECEIVABLE

Gouvernement du Québec subsidies receivable entered as current assets correspond to interest accrued on the long-term debt and to payments of principal on the long-term debt to be made during the coming fiscal year.

Those entered as deferred subsidies represent the total Gouvernement du Québec commitments related to the acquisition and maintenance of fixed assets less payments of principal on the long-term debt already made or to be made during the coming fiscal year.

13. INVESTMENTS – AT COST

	2001	2000
Canadian treasury bills (effective rate of 4.00% to 5.65%), maturing between April 12 and July 19, 2001, (market value: $57 552)	$57 223	$174 806
Bonds, 5.70% to 8.65% (effective rate of 5.88% to 7.60%), maturing between June 1, 2005 to January 22, 2009, (market value: $297 466)	291 504	264 362
Bonds, 5.50% to 10.25% (effective rate of 5.53% to 7.50%), maturing between May 10, 2010 to August 10 2015, (market value: $137 340)	134 594	81 179
Bonds, 5.75% to 8.38% (effective rate of 5.57% to, 8.37%) maturing on June 1, 2029 to December 29, 2049, (market value: $11 182)	11 187	9 522
Stock (market value: $446 693)	440 997	341 506
	$935 505	$871 375

14. FIXED ASSETS FUND – FIXED ASSETS

	2001			2000
	Cost or stated value	Accumulated depreciation	Net	Net
Land (a)	$1 210 250		$1 210 250	$1 210 250
Buildings (a)	48 375 638	$17 938 349	30 437 289	31 705 510
Building development	120 215	6 011	114 204	
Equipment				
Musée	672 597	324 734	347 863	247 903
Restaurant	33 187	17 153	16 034	18 761
Audiovisual	139 072	55 474	83 598	87 904
Office	87 523	25 940	61 583	8 755
Data processing	1 356 671	793 856	562 815	643 936
Automotive equipment	15 167	8 850	6 317	9 024
	$52 010 320	$19 170 367	$32 839 953	$33 932 043

(a) The Musée acquired these buildings from the Gouvernement du Québec in 1985 and 1988 for the price of $1 each. They were recorded according to the municipal assessment for these years. Subsequently, the Government authorized various expansion projects and major repairs.

MUSÉE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

15. FIXED ASSETS FUND – LONG-TERM DEBT

	2001	2000
Borrowing on a note from the Financing Fund of the Gouvernement du Québec, 9.25% (effective rate of 9.54%), guaranteed by the Gouvernement du Québec, repayable in annual instalments of $1 419 140, maturing in April 2002 *	$24 125 380	$25 544 520
Borrowing on a note from the Financing Fund of the Gouvernement du Québec, 6.79%, guaranteed by the Gouvernement du Québec, repayable in annual instalments of $181 405 on the principal of the borrowing, maturing in October 2001 *	1 814 051	1 995 457
Borrowing on a note from the Financing Fund of the Gouvernement du Québec, 6.85%, guaranteed by the Gouvernement du Québec, repayable in annual instalments of $175 940 on the principal of the borrowing, maturing in October 2007 *	2 463 160	2 639 100
Bank loan at prime rate **	406 000	81 000
	28 808 591	30 260 077
Instalments due within one year	1 776 485	1 776 485
	$27 032 106	$28 483 592

* Principal payments on these borrowings are made annually out of subsidies provided for this purpose by the Gouvernement du Québec.

** Debts for fixed assets are considered long-term, since they will be repaid through long-term financing.

Payments of principal on the long-term debt for the next five fiscal years are as follows, based on the assumption that the borrowings will be renewed to the same capital repayment conditions:

2002	$1 776 485
2003	1 776 485
2004	1 776 485
2005	1 776 485
2006	1 776 485

16. FIXED ASSETS FUND - DEFERRED GOUVERNEMENT DU QUÉBEC SUBSIDIES

	2001	2000
Closing balance	$33 429 403	$34 307 998
Government commitments related to the acquisition and maintenance of fixed assets	705 200	837 400
Amortization of deferred subsidies	(1 660 102)	(1 715 995)
Closing balance	$32 474 501	$33 429 403

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

17. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Musée is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Musée did not conclude any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

18. PENSION PLANS

The staff members of the Musée du Québec participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Musée's contributions charged to the year-end statement amount to $137 579 (2000: $241 596) for the General Fund and $3 858 (2000: $4 335) for the Commercial Activities Fund. The liability of the Musée towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

19. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

MUSÉE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Musée du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. Management carries out audits periodically to ensure that the internal controls applied regularly by the Musée are appropriate and consistent.

The Musée recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the finance and human resources committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Musée's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

John R. Porter
Director General

Marc Delaunay
Director, Administration and Communications

Québec, June 8, 2001

MUSÉE DU QUÉBEC

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Musée du Québec as at March 31, 2001, and the statements of income, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Musée's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Musée records charges related to its employees sick leave and vacation time to the results of the fiscal year during which this time was taken. In this respect, the financial statements do not comply with the accounting principles that are generally accepted in Canada. The charges related to this sick leave and vacation time should be recorded under the results for the fiscal year in which the employees render the services entitling them to this time.. Had it been recorded properly and retroatively, a $1 369 799 provision for sick leave and vacation time would have been recorded as a liability in the General Fund as at March 31, 2001 along with $1 272 396 deficit balance in this Fund at this time. Further, the charges and shortfall of proceeds from General Fund charges for the fiscal year ended March 31, 2001 would have bene higher by $33 261.

In my opinion, with the exception of the effects, indicated in the preceding paragraph, of the improper recording of the charges related to the sick leave and vacation time of Musée employees, these financial statements present fairly, in all material respects, the financial position of the Musée as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion these principles were applied on a basis consistent with that of the preceding year.

Doris Paradis
for Guy Breton, FCA
Auditor General of Québec

Québec, June 8, 2001

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS
(R.S.Q., c. S-3.2)

OPERATIONS AND SURPLUS
for the year ended June 30, 2000

	2000	1999
REVENUE		
Contribution from Gouvernement du Québec	$16 488 728	$16 253 875
Interests	5 330	4 702
	16 494 058	16 258 577
EXPENDITURE		
Income security benefits	15 474 428	15 268 875
Administrative expenditure		
Salaries and fringe benefits	806 889	784 757
Travel	102 937	85 300
Rent	66 131	70 885
Fees	1 650	838
Supplies and equipment	27 571	29 630
Telephone and communications	12 004	12 919
	1 017 182	984 329
	16 491 610	16 253 204
EXCESS OF REVENUE OVER EXPENDITURE	2 448	5 373
SURPLUS, BEGINNING OF YEAR	52 346	46 973
SURPLUS, END OF YEAR	$54 794	$52 346

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

BALANCE SHEET
as at June 30, 2000

	2000	1999
ASSETS		
Current assets		
Cash (Note 4)	$97 660	$120 667
Accounts receivable	21 271	2 761
	$118 931	$123 428
LIABILITIES		
Current liabilities		
Accounts payable	$64 137	$71 082
SURPLUS	54 794	52 346
	$118 931	$123 428

On behalf of l'Office de la sécurité du revenu
des chasseurs et piégeurs cris,
Gérald Lemoyne
George Wapachee

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

---

1. CONSTITUTION, FUNCTION AND FINANCING

The Cree Hunters and Trappers Income Security Board, created under the Act respecting income security for Cree hunters and trappers who are beneficiaries under the Agreement concerning James Bay and Northern Quebec (R.S.Q., chapter S-3.2), is responsible for the administration of the income security program established by this Act for the purpose of providing the trappers and hunters a guaranteed income; this program also includes other measures aimed at encouraging beneficiaries to carry out harvesting activities as a way of life.

Benefits are paid to beneficiary units which are eligible depending, among other conditions, on the time spent in hunting, fishing and trapping and in carrying out related activities.

The sums required for the carrying out of the aforementioned Act are paid out of the monies voted each year for such purpose by Parliament.

2. ACCOUNTING POLICIES

The financial statements of the Board have been prepared by Management according to the accounting policies disclosed below. These statements include amounts based on best judgments and estimates. The statement of changes in financial position is not presented, since it would produce no further information useful to the comprehension of the year's cash and cash equivalent transactions.

Benefits and administrative expenditure

Benefits paid are recorded in the books of account in accordance with the cash basis of accounting; administrative expenditure are recorded in accordance with the accrual basis of accounting.

Purchases of capital assets are charged to administrative expenditure.

Administrative expenditure assumed by the Gouvernement du Québec

The cost of certain supporting services assumed by the Gouvernement du Québec is not included in the statement of operations and surplus.

3. PENSION PLAN

Board employees participate in the Government and Public Employees Retirement Plan (GPERP). It is a defined benefit plan which provides retirement and death benefits.

Contributions paid by the Board are charged to operations and total $19 494 (1999: $29 292). Obligations of the Board toward this government plan are limited to its contributions as an employer.

4. CASH

Cash includes an amount of $20 000 held in a trust account and allocated by resolution of the members of the Board, for payment of benefits including among other things, advance payments and emergency payments where the usual process to issue a check would present an excessive delay for the beneficiary.

5. RELATED PARTY TRANSACTIONS

In addition to the related party transactions already disclosed in the financial statements, the Board is related to all the departments and special funds as to agencies and enterprises controlled directly or indirectly by the Gouvernement du Québec or under either joint control or significant common influence by the Gouvernement du Québec. The Board has not conducted any business transactions with related parties other than in the normal course of operations and at usual business conditions. These transactions are not separately disclosed in the financial statements.

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

MANAGEMENT'S REPORT

The financial statements of the Cree Hunters and Trappers Income Security Board have been drawn-up by management, which has the responsibility for their preparation and their presentation, including responsibility for their preparation and their presentation, including responsibility for significant accounting judgments and estimates. This responsibility includes the choice of accounting policies and methods that are appropriate, disclosed in Note 2 of the financial statements. Financial information included elsewhere in the annual report agrees with information presented in the financial statements.

Towards meeting its responsibilities, management maintains a system of internal accounting controls, designed to provide reasonable assurance that property is safeguarded and that transactions are correctly and promptly recorded, that they are duly approved and permit the production of reliable financial statements.

The board acknowledges its responsibility to manage its operations in compliance with those laws and regulations to which it is subject.

The Auditor General of Québec has conducted an audit of the financial statements of the Board, in accordance with generally accepted auditing standards and his auditor's report discloses the nature and the scope of this audit and the opinion expressed.

On behalf of l'Office de la sécurité
du revenu des chasseurs et piégeurs cris,
Gérald Lemoyne

Québec, September 8, 2000

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Cree Hunters and Trappers Income Security Board as at June 30, 2000 and the statement of operations and surplus for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2000 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies disclosed in Note 2. As required by the Auditor General Act (R.S.Q., chapter V-5.01), I report that, in my opinion, these policies have been applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Guy Breton, F.C.A.

Québec, September 8, 2000

OFFICE DES PROFESSIONS DU QUÉBEC
(R.S.Q., c. C-26)

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 2001

	2001	2000
REVENUE		
Contributions from members of professional Corporations	$4 333 667	$4 489 988
Interest on bank deposits	64 387	65 424
Honoraria for managing the Fonds de l'Ordre des sages-femmes du Québec (Note 6)	14 395	13 333
Other	33 532	8 031
	4 445 981	4 576 776
EXPENDITURE		
Administrative expenses		
Salaries and fringe benefits	2 917 676	2 369 836
Transportation and communications	78 745	80 026
Professional and administrative services	513 974	317 185
Rent and maintenance	289 603	277 966
Materials and supplies	81 228	82 668
Interest on advances from the Consolidated Revenue Fund	1 445	3 833
Depreciation of fixed assets	78 051	155 566
Amortization of cost of computer systems development	33 858	25 045
	3 994 580	3 312 125
Fees and reimbursements (Note 3)	1 193 127	1 269 024
	5 187 707	4 581 149
EXCESS OF EXPENDITURE OVER REVENUE	741 726	4 373
DEFICIT, BEGINNING OF YEAR	129 005	124 632
DEFICIT, END OF YEAR	$870 731	$129 005

OFFICE DES PROFESSIONS DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$96 196	$700 166
Accounts receivable	320 646	207 313
	416 842	907 479
Fixed assets (Note 4)	143 773	170 762
Cost of computer systems development (Note 5)	106 134	93 742
	$666 749	$1 171 983
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$325 922	$448 175
Sum owing the Ordre des sages-femmes du Québec (Note 6)	210 000	240 000
Owed to the Consolidated Revenue Fund (Note 7)	400 000	
	935 922	688 175
Provision for sick leave and vacation time (Note 10)	199 848	24 567
Sums owing the Ordre des sages-femmes du Québec (Note 6)	401 710	588 246
	1 537 480	1 300 988
DEFICIT	870 731	129 005
	$666 749	$1 171 983

On behalf of the Office des professions du Québec
Jean K. Samson

OFFICE DES PROFESSIONS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Office des professions du Québec was established by the Professional Code (R.S.Q., c. C-26) for the purpose of ensuring that professional corporations protect the public.

The Office answers to the minister responsible for administering the profession acts passed by the Government. Its operations are financed out of the fees paid by members of professional corporations. These fees are collected by the professional corporations, which then remit them to the Office.

2. ACCOUNTING POLICIES

The financial statements of the Office were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

The cash flow statement is not shown as it would not provide any useful supplementary information regarding the Office's cash flow during the year.

Fixed Assets and Cost of Computer Systems Development

Fixed assets and computer systems development expenses are recorded at cost. They are depreciated over their estimated useful lives on a straight-line basis at the following rates:

	Rates
Data processing equipment	33 1/3%
Telephone equipment	20%
Furniture	20%
Leasehold improvements	Duration of occupancy agreement
Cost of computer systems development	20%

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Office lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. FEES AND REIMBURSEMENTS

In accordance with the Professional Code, the Office assumes the following expenses:

- Fees or allowances paid to the chairs of the disciplinary boards of professional corporations. The amount of these fees or allowances is set by the Government. Fees are paid after the board's decision has been transmitted to the corporation and received by the Office.
- Attendance allowances and the reimbursement of fees, within reason, incurred by the directors appointed, by the Office, to professional boards to represent the public.

These expenditures break down as follows:

	2001	2000
Chairs of disciplinary boards of professional corporations	$860 721	$966 397
Office-appointed directors	332 406	302 627
	$1 193 127	$1 269 024

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

4. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Data processing equipment	$321 482	$248 943	$72 539	$88 541
Telephone equipment	28 456	16 885	11 571	17 262
Furniture	40 194	16 835	23 359	18 996
Leasehold improvements	59 876	23 572	36 304	45 963
	$450 008	$306 235	$143 773	$170 762

Acquisitions for the year amount to $51 062 (2000: $100 701). During the fiscal year, the Office sold fixed assets for proceeds of disposition of $2 237 thereby generating a $2 237 loss on disposition.

5. COST OF COMPUTER SYSTEMS DEVELOPMENT

	2001			2000
	Cost	Accumulated Depreciation	Net	Net
Computer systems development	$192 413	$86 279	$106 134	$93 742

Acquisitions for the year amount to $46 250 (2000: $41 874).

6. SUM OWING THE ORDRE DES SAGES-FEMMES DU QUÉBEC

The sum owing the Ordre des sages-femmes du Québec represents the balance of the fund managed by the Office des professions du Québec in keeping with the provisions of the Act respecting midwives (1999, c. 24) that came into effect on June 30, 1999. This $1 000 000 fund originating from amounts reserved for funding pilot projects but not yet committed was created in order to allow the Ordre des sages-femmes du Québec to fulfil, during its first eight years of operations, all of its obligations under its incorporating legislation.

The Office must pay the Ordre des sages-femmes du Québec the sum established when the fund was created, calculated by backward averaging.

The interest generated by the fund is reinvested in the fund and management honoraria are paid to the Office from this interest.

Change in the Fund for the fiscal year ended March 31, 2001:

	2001	2000
Opening balance	$828 246	$1 000 000
Payments to the Ordre des sages-femmes du Québec	(240 000)	(185 000)
Interest generated	37 859	26 579
Management honoraria paid to the Office	(14 395)	(13 333)
Fund balance	$611 710	$828 246

6. SUM OWING THE ORDRE DES SAGES-FEMMES DU QUÉBEC (cont'd)

The sum owing breaks down as follows:

	2001	2000
Sum owed	$611 710	$828 246
Portion payable in the coming fiscal year	210 000	240 000
	$401 710	$588 246

The portion payable in the next fiscal year is estimated using the estimates of the Ordre des sages-femmes du Québec.

7. SUM OWING THE CONSOLIDATED REVENUE FUND

Interest on advances from the Consolidated Revenue Fund is calculated at the National Bank of Canada's prime rate in effect for the duration of these advances.

8. CASH FLOWS

The Office did not pay interest during the fiscal year (2000: $5 806).

9. RELATED PARTY TRANSACTIONS

In addition to the transactions with the Consolidated Revenue Fund disclosed in its financial statements and recorded at exchange value, the Office is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Office did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

10. FUTURE FRINGE BENEFITS

Pension plans

The staff members of the Office participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are defined benefit plans and include guaranteed payments upon retirement and death.

The Office's contribution charged to the year-end statement amount to $64 710 (2000: $106 237). The liability of the Office towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

---

10. FUTURE FRINGE BENEFITS (suite)

Provision for sick leave and vacation time

	2001	2000
Obligation for sick leave and vacation time	$791 811	$675 725
Transient unamortized obligation	(591 963)	(652 158)
	$199 848	$23 567
Charge for the year	$384 432	$337 199
Benefits paid during the year	$209 150	$312 632

OFFICE DES PROFESSIONS DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Office des professions du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Office des professions recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of Office's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

Jean K. Samson
President

Christian Rémy
General Manager of Administration

Québec, May 4, 2001

AUDITOR'S REPORT

To The National Assembly

I have audited the balance sheet of the Office des professions du Québec as at March 31, 2001 and the statement of revenue and expenditure and deficit for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., chapter V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 4, 2001

OFFICE QUÉBEC-AMÉRIQUES POUR LA JEUNESSE (note 1)
(R.S.Q., c. 18)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000 (5 Months)
REVENUS		
Subsidies from the Gouvernement du Québec	$1 400 000	$250 000
Interest on bank deposits	37 426	
Other	3 191	25 599
	1 440 617	275 599
EXPENDITURE (Note 9)		
Programs	392 833	35 854
Development	66 680	11 192
Communications	60 245	2 772
Human resources	616 498	71 501
Operations	141 354	12 125
	1 277 610	133 444
EXCESS OF EXPENDITURE OVER REVENUE	163 007	142 155
SURPLUS, BEGINNING OF YEAR	142 155	
SURPLUS, END OF YEAR	$305 162	$142 155

OFFICE QUÉBEC-AMÉRIQUES POUR LA JEUNESSE

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$176 225	$108 790
Accounts receivable	33 207	28 766
Prepaid expenses	1 435	640
	210 867	138 196
Fixed assets (Note 3)	254 120	44 462
	$464 987	$182 658
LIABILITIES		
Current liabilities		
Accounts payable (Note 4)	$159 825	$40 503
SURPLUS	305 162	142 155
	$464 987	$182 658

On behalf of the Board of Directors,
Solein Labrie Trépanier, Director
Gabriel Polisois, Director

OFFICE QUÉBEC-AMÉRIQUES POUR LA JEUNESSE

CASH FLOWS
for the year ended March 31, 2001

	2001	2000 (5 months)
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$163 007	$142 155
Items not affecting liquid assets:		
Depreciation of fixed assets	24 306	894
Loss on disposal of fixed assets	25 685	
	212 998	143 049
Change in non-cash items linked to operations		
Increase in receivables	(4 441)	(28 766)
Increase in prepaid expenses	(795)	(640)
Increase in payables	119 322	40 503
	114 086	11 097
Cash flows provided by operating activities	327 084	154 146
INVESTMENT ACTIVITIES		
Cash flows used for investment activities:		
Acquisition of fixed assets	(259 649)	(45 356)
INCREASE IN CASH ON HAND	67 435	108 790
CASH ON HAND, BEGINING OF YEAR	108 790	
CASH ON HAND, END OF YEAR	$176 225	$108 790

OFFICE QUÉBEC-AMÉRIQUES POUR LA JEUNESSE

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

1. CONSTITUTION AND PURPOSE

The Office established under the Act respecting the Office Québec-Amériques pour la jeunesse, that came into effect on September 13, 2000 (R.S.Q., c. 18), replaces the Office Québec-Amériques pour la jeunesse incorporated on November 2, 1999 under Part III of the Québec Companies Act (R.S.Q., c. 38) acquiring the rights and assuming the obligations of the legal body dissolved.

The purpose of the Office is to develop relations between the youth of Québec and other American peoples, to increased the individual and group exchanges between them, and to promote the development of cooperative networks

2. ACCOUNTING POLICIES

The financial statements of the Office were prepared by management in keeping with generally recognized Canadian accounting principles. These statements include amounts based on best judgments and estimates.

Fixed assets

Fixed assets are recorded at cost and amortized over their service life according to the straight-line method using the following rates:

Office furniture and equipment	20%
Leasehold improvements	10%
Data processing equipment	20%

Program expenses are recorded when authorized and when the beneficiaries have net the eligibility criteria, where applicable.

3. FIXED ASSETS

	2001			2000
	Cost	Cumulated amortization	Net	Net
Office furniture and equipment	$69 118	$7 777	$61 341	$14 016
Leasehold improvements	128 972	7 537	121 435	22 432
Data processing equipment	81 230	9 886	71 344	8 014
	$279 320	$25 200	$254 120	$44 462

4. ACCOUNTS PAYABLE

	2001	2000
Ministère des Relations internationales	$122 265	
Suppliers		$24 333
Salaries and at-source deductions	37 560	16 170
	$159 825	$40 503

5. SERVICES RENDERED

Before September 13, 2000, the Office received professional and technical support for the realization of its mission from the Ministère des Relations internationales. The value of the services obtained was not evaluated or recorded.

6. COMMITMENTS

The Office is committed under a long-term lease ending in fiscal 2006 for administrative offices. This lease includes a five-year renewal option.

The rental expenditures for the year ending March 31, 2001 total $35 440. Minimum future payments are as follows:

2002	$64 710
2003	64 710
2004	64 710
2005	64 710
2006	32 355
	$291 195

7. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, measured at exchange value, the Office is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Office did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

8. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

9. EXPENDITURES

	2001	2000
Programs:		
Sending of Québec participants	$379 524	$32 331
Québec/New York 2001	853	
Support for Québec projects	650	
Support for foreign projects	11 806	3 523
	$392 833	$35 854
Development:		
Special events, welcome of delegations and reception costs	$3 302	$3 103
Association membership fees	744	140
Promotional expenses	3 645	1 319
Cost of travel outside Québec	24 703	4 211
Cost of travel within Québec	15 148	2 419
Information tour	10 290	
Advisory committee expenses	1 152	
Board of administration expenses	912	
Launching of programming	6 784	
	$66 680	$11 192

9. EXPENDITURES (cont'd)

	2001	2000
Communications:		
Participant's guide	$3 296	
Website	7 950	
Advertising	3 033	
Subscriptions and publications	4 400	$54
Graphics	15 507	
Printing	19 101	
Interpretation/translation	3 839	2 718
Mail-mailing file	3 119	
	$60 245	$2 772
Human resources:		
Salaries and fringe benefits	$605 341	$69 561
Training	5 337	
Assignment fees	5 820	1 940
	$616 498	$71 501
Operations:		
Insurance (civil liability)	$1 101	$128
Maintenance and repair	5 674	1 190
Office supplies	15 243	4 818
Bank charges	1 133	383
Moving expenses	3 027	842
Rent	35 440	
Customization of virtual management software	5 311	
Photocopier	2 115	330
Mail and courier	3 899	83
Telecommunications	18 420	3 457
Amortization of fixed assets	24 306	894
Loss on transfer of fixed assets	25 685	
	$141 354	$12 125

OFFICE QUÉBEC-AMÉRIQUES POUR LA JEUNESSE

MANAGEMENT'S REPORT

The financial statements of the Office Québec-Amériques pour la jeunesse have been drawn up by management, which has the responsibility for their preparation and their presentation, including responsibility for significant accounting judgments and estimates. This responsibility includes the choice of accounting policies and methods that are appropriate and that are consistent with generally recognized accounting principles.

Towards meeting its responsibilities, management maintains a system of internal accounting controls, designed to provide reasonable assurance that property is safeguarded and that transactions are correctly and promptly recorded, that they are duly approved and permit the production of reliable financial statements.

The board acknowledges its responsibility to manage its operations in compliance with those laws and regulations to which it is subject.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec audited the financial statements of the Office in keeping with generally recognized Canadian accounting principles, and the auditor's report discloses the nature and extent of this audit and the Auditor General's opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Lucie Latulippe
President and Chief Executive Officer

Québec, April 27, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheets of the l'Office Québec-Amériques pour la jeunesse as at March 31, 2001, and the statements of revenue, expenditure and surplus and cash flow for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2001, and the results of the insurance funds' operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in accounting policies disclosed in Note 4, these principles were applied on a basis consistent with that of the preceding year.

The figures for fiscal 2000 presented for comparison purposes come from financial statements that were audited by another auditor.

Guy Breton, FCA
Auditor General of Québec

Québec, April 27, 2001

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC
(R.S.Q., c. A-26)
DEPOSIT INSURANCE FUND

REVENUE AND EXPENDITURE AND CUMULATED NET INCOME
for the year ended December 31, 2000

	2000	1999
REVENUE		
Premiums	$14 703 800	$14 196 302
Investment income	11 064 773	5 536 430
Other	122 374	50
	25 890 947	19 732 782
EXPENDITURE		
Administrative expenses (Note 6)	817 883	681 372
NET INCOME	25 073 064	19 051 410
CUMULATED NET INCOME, BEGINNING OF YEAR	179 758 874	160 707 464
CUMULATED NET INCOME, END OF YEAR	$204 831 938	$179 758 874

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

BALANCE SHEET
as at December 31, 2000

	2000	1999
ASSETS		
Cash on hand	$7 010 956	$1 065
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	200 202 195	182 066 675
Claims related to repayment of guaranteed deposits (Note 4)	9 237	9 237
	$207 222 388	$182 076 977
LIABILITIES		
Accounts payable		
Administrative expenses	$730 347	$680 892
Taxes on premiums	660 103	637 211
	1 390 450	1 318 103
NET EQUITY		
Contribution from the Gouvernement du Québec	1 000 000	1 000 000
Cumulated net income	204 831 938	179 758 874
	205 831 938	180 758 874
	$207 222 388	$182 076 977

GUARANTEED DEPOSITS (Note 5)

On behalf of the Board of Directors,
Jean-Guy Turcotte
Fernand Gauthier

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

CASH FLOWS
for the year ended December 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Net income	$25 073 064	$19 051 410
Change in non-cash elements related to operations		
Decrease in premiums receivable		6 881
Increase (decrease) in payables	72 347	(29 996)
Cash flows provided by operating activities	25 145 411	19 028 295
INVESTMENT ACTIVITIES		
Cash flows used for investment activities:		
Funds entrusted to the Caisse de dépôt et placement du Québec	(18 135 520)	(19 027 323)
INCREASE IN CASH POSITION	7 009 891	972
CASH POSITION, BEGINNING OF YEAR	1 065	93
CASH POSITION, END OF YEAR	$7 010 956	$1 065

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

---

1. CONSTITUTION, PURPOSE AND FINANCING

The Régie de l'assurance-dépôts du Québec (RADQ) was established under the Deposit Insurance Act (R.S.Q., c. A-26) to:

- govern the soliciting and receiving of deposits of money from the public;
- guarantee to every person who makes a deposit of money with a registered institution the payment of the principal and interest of such deposits on their respective maturity dates, up to $60 000;
- manage a deposit insurance fund;
- administer a system of permits.

Under this Act:

- The Deposit Insurance Fund must be maintained for the purpose of discharging the RADQ's obligations under guarantees and for the exercise of certain powers. Premiums collected by the RADQ are paid into this fund, as are the amounts that the Minister of Finance may, when authorized by the Government and under conditions set by it, pay to the RADQ from time to time;
- When the resources of the RDAQ are insufficient for the payment of its obligations or the exercise of its powers, the Minister of Finance, with the authorization of the Government and on conditions it determines, may make advances to the RDAQ or guarantee payment of any commitment the latter may make. The total unpaid balance of such advances and guaranteed commitments must not exceed $700 million.

2. ACCOUNTING POLICIES

The financial statements of the Deposit Insurance Fund of the RADQ were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgements.

Premiums

Premiums collected from institutions registered at December 31 are based on the amount of their guaranteed deposits as at April 30 of each year.

Allowance for Losses

The allowance for losses on claims related to repayment of guaranteed deposits arises from the subrogation of depositors' rights and interests. The allowance for losses is determined on a case-by-case basis and is entered as soon as they can be evaluated with reasonable assurance. The annual change in this allowance is recorded in the statement of revenue and expenditure and accumulated net income.

Funds entrusted to the Caisse de dépôt et placement du Québec

Funds entrusted to the Caisse de dépôt et placement du Québec are recorded at acquisition cost.

3. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2000	1999
Demand deposits [1]	$1 089 770	$26 751 101
Participation deposits [2]	198 055 041	82 500 000
Term deposits		68 000 000
Amounts carried forward	$199 144 811	$177 251 101

3. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (cont'd)

	2000	1999
Amounts carried forward	$199 144 811	$177 251 101
Investment income receivable	1 057 384	4 815 574
	$200 202 195	$182 066 675

[1] Demand deposits bearing interest calculated on a daily basis at the market rate for one-day loans and investments.

[2] Participation deposits in a special fund with the Caisse de dépôt et placement du Québec expressed in units. These units are refundable with prior notice according to the regulations of the Caisse, at the market value of the equity level of the special fund at the end of each month. At December 31, 2000, the RADQ held 200 018 units (1999: 82 500), whose market value is $200 458 183 (1999: $81 810 456).

4. CLAIMS RELATED TO REPAYMENT OF GUARANTEED DEPOSITS

	2000	1999
Claims receivable	$5 249 237	$5 249 237
Allowance for losses	5 240 000	5 240 000
	$9 237	$9 237

When the RADQ pays a deposit of money in the place and stead of an institution, it is subrogated in the rights of the depositor against the institution and claims from the institution the amount thus paid plus attendant interest.

5. GUARANTEED DEPOSITS

Deposits guaranteed as at April 30, 2000, amounted to $51.3 billion (1999: $49.8 billion), $10.4 billion of which (1999: $10.2 billion) was held by trust or savings companies incorporated under a federal statute and not required to pay a premium.

By virtue of an agreement reached with the Canada Deposit Insurance Corporation (CDIC), the latter will compensate the RADQ and release it from any liability resulting from a guarantee granted by the latter on deposits from a trust or savings company incorporated under a federal statute.

6. ADMINISTRATIVE EXPENSES

	2000	1999
Salaries and other remuneration	$258 668	$249 083
Examination fees *	288 856	254 555
Administrative support fees *	132 048	124 684
Other expenses	138 311	53 050
	$817 883	$681 372

* These fees are posted by the inspector general of financial institutions.

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000

---

7. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements an recorded at exchange value, the Fund is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Fund did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

MANAGEMENT'S REPORT

The financial statements of the Deposit Insurance Fund of the Régie de l'assurance-dépôts du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The RADQ's management recognizes that it is responsible for conducting the Deposit Insurance Fund's affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Fund's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion.

Normand Côté
Assistant Director General

Jean-Guy Turcotte
President and Chief Executive Officer

Québec, February 14, 2001

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Deposit Insurance Fund of the Régie de l'assurance-dépôts du Québec (RADQ) as at December 31, 2000, and the statements of revenue and expenditure and cumulated net income and of cash flows for the year then ended. These financial statements are the responsibility of the RADQ's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, February 14, 2001

RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC
(R.S.Q., c. R-5)

PROGRAM COST AND FINANCING
for the year ended March 31
(in thousands of dollars)

	2001	2000
COST OF PROGRAMS (Note 4)		
Medical services (Note 5)	2 671 789	2 737 754
Prescription drugs and pharmaceutical services (Note 6)	1 518 059	1 230 623
Hospital services (Note 7)	102 720	94 196
Technical aids	83 436	75 610
Dental services (Note 5)	81 844	97 153
Home care services	31 108	19 890
Optometry services (Note 5)	26 890	25 758
Other (Note 8)	12 901	10 509
	4 528 747	4 291 493
Amounts recovered from liable third parties and from foreign nationals for hospital care	4 277	3 783
	4 524 470	4 287 710
Administrative expenses (Note 9)	95 885	94 678
	4 620 355	4 382 388
SOURCES OF FINANCING		
Health Services Fund	3 941 088	3 800 560
Prescription Drug Insurance Fund	356 615	289 819
Gouvernement du Québec	237 022	208 303
Commission de la santé et de la sécurité du travail	62 545	62 363
Reciprocal agreements with other provinces (Note 7)	17 570	16 833
Other	5 515	4 510
	4 620 355	4 382 388

RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

BALANCE SHEET
as at March 31
(in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Contributions receivable		
Health Services Fund	274 717	213 055
Prescription Drug Insurance Fund	38 333	61 724
Fees to recovered (Note 10)	84 168	76 267
Other receivables	9 675	9 578
	406 893	360 624
Investment (Note 11)	3 608	3 000
Fixed assets (Note 12)	32 539	37 039
	443 040	400 663
LIABILITIES		
Current liabilities		
Outstanding cheques less cash on hand	33 189	22 363
Services payable (Note 5)	354 542	313 318
Other accounts payable and accruals	9 743	16 013
	397 474	351 694
Provision for sick leave and vacation time	19 703	17 076
Long-term debt (Note 13)	25 863	31 893
	443 040	400 663

COMMITMENTS (Note 16)

On behalf of the Régie,
Duc Vu, President and Chief Executive Officer

Claude Gagnon, Member of the Board of Directors

NOTES TO FINANCIAL STATEMENTS
March 31, 2001
(in thousands of dollars)

1. CONSTITUTION, PURPOSE AND FINANCING

A legal person within the meaning of the Civil Code, the Régie was established by the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., c. R-5) for the purpose of administering the health insurance plan and any other program entrusted to it by law or by the Government.

The Régie also administers the basic prescription drug insurance plan, as well as the health assistance program of the Ministère de l'Emploi et de la Solidarité sociale and parts of the programs of the Ministère de la Santé et des Services sociaux, including:

- the remuneration of resident physicians;
- the payment of hospital services rendered outside Québec;
- the tax exemption for home care services;
- the collection of amounts recoverable from liable third parties, residents of other provinces and foreign nationals for hospital care.

The Régie also pays for the professional services of physicians working under legislation administered by the Commission de la santé et de la sécurité du travail, which then reimburses the Régie.

The health insurance plan and the health assistance program are financed out of the Health Services Fund, which also finances the cost of prescription drugs and pharmaceutical services provided under the basic prescription drug insurance plan to:

- persons aged 65 and over;
- employment-assistance program beneficiaries.

The Prescription Drug Insurance Fund finances the cost of prescription drugs and pharmaceutical services provided to all other eligible persons who are not required to join a group insurance plan or a benefit plan.

Finally, the Gouvernement du Québec finances certain parts of programs entrusted to it by the Ministère de la Santé et des Services sociaux.

2. ACCOUNTING POLICIES

The financial statements of the Régie were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

The cash flow statement is not shown as it would not provide any useful supplementary information regarding the Régie's cash flow during the year. However, the most relevant information is provided in the notes to the financial statements.

Cost of programs

Where applicable, the amounts posted to program costs are normalized to reflect the overall budgets pre-defined under framework agreements involving the Minister of Health and Social Services and organizations representing health professionals.

Investment

Investments are recorded at acquisition value and their accounting value is reduced by any lasting writedown observed during the fiscal year.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

2. ACCOUNTING POLICIES (cont'd)

Fixed Assets

Fixed assets are recorded at acquisition cost.

The development of computer systems includes the cost of labour and professional services plus the related computer and office automation equipment.

The straight-line amortization method is used, taking into account the residual value of fixed assets, where applicable. Their service life has been established as follows:

Head office building	40 years
Building renovations	8 years
Computer systems development	5 to 7 years
Office furniture and equipment and automotive equipment	5 years
Computer and office automation equipment	3 to 5 years

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Régie sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGES IN ACCOUNTING POLICY

The Régie now posts to program costs all estimated values of payment requests received after March 31 for services rendered before April 1.

The estimated value of payment requests received after April 30 was formerly considered an expenditure for the following fiscal year.

This change was applied retroactively but without adjusting the financial statements of past fiscal years. It increases the balances of the items "Contribution receivable from the Health Services Fund" and "Services payable" at March 31, 2001 by $5 M. The change did not affect the cost of programs for the fiscal year.

4. COST OF PROGRAMS

The cost of goods and services, by program, breaks down as follows:

	2001	2000
Health insurance plan	2 707 196	2 784 793
Public basic prescription drug insurance plan	1 515 438	1 228 075
Health assistance	52 607	54 578
Other	249 229	220 264
	4 524 470	4 287 710

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

5. MEDICAL, DENTAL AND OPTOMETRY SERVICES

The Minister of Health and Social Services signed framework agreements with the following professional organizations:

	Maturing
Federation of General Practitioners of Quebec	March 31, 2002
Federation of Medical Specialists of Quebec	March 31, 2002
Québec Association of Dental Surgeons	March 31, 2001
Québec Association of Surgeons Specializing in Oral and Maxillofacial Surgery	March 31, 2001
Quebec Association of Optometrists	March 31, 2001

These framework agreements establish the overall budget allowance per fiscal year for services determined under the agreements and rendered by health care professionals under the health insurance plan or any other program administered by the Régie.

The parties must agree on the terms and conditions to implement to ensure that budgets are respected should there be a change related to the remuneration of health professionals.

Following change made in September 2000 to the framework agreements governing general practitioners and medical specialists, the item "Medial services" need not be normalized for the fiscal year ended March 31, 2001.

Moreover, no adjustment was made to the items "Dental services" or "Optometry services" during the year since discussions are under way to agree on terms for ensuring that these budgets are respected.

At March 31, 2001, the result of the adjustments made since the onset of these framework agreements, in 1995, was an increase of $26.3M (2000: $26.3M) in the item "Services payable".

6. PRESCRIPTION DRUGS AND PHARMACEUTICAL SERVICES

	2001	2000
Persons aged 65 and over	818 193	660 260
Employment-assistance program beneficiaries	353 878	290 420
Eligible persons who are not required to join a group insurance plan or a benefit plan	343 367	277 395
Persons eligible for special programs	2 621	2 548
	1 518 059	1 230 623

7. HOSPITAL SERVICES

	2001	2000
Hospital services provided to Québec residents outside the province	74 936	73 064
Hospital services provided in Québec to residents of other provinces	17 570	16 833
Radiation oncology services provided outside Québec	10 214	4 299
	102 720	94 196

8. OTHER

	2001	2000
Research grants	8 970	9 129
Assistance to persons infected with the hepatitis C virus	3 931	1 380
	12 901	10 509

9. ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and fringe benefits	60 549	58 160
Office space, equipment and furniture	9 008	8 457
Depreciation of fixed assets	8 479	7 352
Interactive communications network	5 997	5 633
Information, telephone and messenger services	5 549	5 098
Professional and other services	2 292	1 576
Materials and supplies	2 111	1 670
Interest on long-term debt	1 900	2 273
	95 885	90 219
Y2K adaptation of computer assets		4 459
	95 885	94 678

10. COSTS TO BE RECOVERED

	2001	2000
Gouvernement du Québec	67 999	59 251
Commission de la santé et de la sécurité du travail	11 467	12 742
Hospital services owing from other provinces	4 702	4 274
	84 168	76 267

11. INVESTMENT

	2001	2000
Motus Technologies inc. Common shares	3 608	3 000

During the fiscal year, the Régie underwrote an additional $0.6 M for the acquisition of common shares.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

12. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Land	1 000		1 000	1 000
Head office building	17 537	8 637	8 900	9 200
Building renovations	3 000	2 566	434	867
Computer systems development	41 250	22 458	18 792	23 673
Office furniture and equipment and automotive equipment	461	32	429	50
Computer and office automation equipment	5 531	2 547	2 984	2 249
	68 779	36 240	32 539	37 039

Acquisitions for the fiscal year necessitated expenditures of $4 M (2000: $7.4 M).

13. LONG-TERM DEBT

	2001	2000
Borrowings on notes from the Financing Fund of the Gouvernement du Québec at fixed rates varying from 5.74% to 8.19%, maturing from 2002 to 2006	25 863	31 893

Cash flows:

	2001	2000
Additional borrowing		3 700
Reimbursements	6 030	5 905
Interest paid	1 756	2 477

Assuming that the borrowings on notes are refinanced on the same terms, payments of principal for the next five fiscal years are as follows:

2002	7 436
2003	5 278
2004	4 926
2005	922
2006	500

14. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Régie is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Régie did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

15. AVANTAGES SOCIAUX FUTURS

Pension plans

Régie employees and salaried health care professionals participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interemployer defined benefit plans and include guaranteed payments upon retirement and death.

The Régie's contributions charged to the year-end statement amount to $1.7 million (2000: $2.6 million) for its employees and are included in administrative expenses. Contributions for salaried health care professionals amount to $2.5 million (2000: $4.1 million) and are included in the cost of programs under the items "Medical services," "Dental services" and "Optometry services." The liability of the Régie towards these Government plans is restricted to its contributions for current service as an employer.

Until December 31, 1999, the Régie's contribution rate to the RREGOP, calculated based on contributory earnings minus 35% of the maximum earnings admissible for the Québec Pension Plan, was 7.95% for bargainable members and 6.35% for non-bargainable members.

Since January 1, 2000, based on a new actuarial valuation and changes made to the plan, this rate was 5.35% for bargainable employees and 1% for non-bargainable employees.

Sick leave and vacation time

The obligations resulting from sick leave and vacation time posted to expenditure under "Salaries and fringe benefits" totalled $7.7 M.

Use of these benefits generated disbursements of $6.7 M.

16. COMMITMENTS

As at March 31, 2001, the minimum contractual commitments related to the acquisition of goods and services under procurement contracts and to the rental of office space are as follows:

2002	10 364
2003	7 218
2004	6 887
2005	6 878
2006	6 493
	37 840

RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

MANAGEMENT RESPONSIBILITY REGARDING FINANCIAL INFORMATION

Régie de l'assurance maladie du Québec management is responsible for preparing and presenting the financial statements, including the estimates and important judgments. This responsibility includes choosing appropriate accounting policies that respect accounting principles that are generally accepted in Canada. It also involves guaranteeing that the financial information presented elsewhere in the annual report complies with that of the financial statements.

Management maintains a system of internal accounting controls and has implemented an internal auditing program. This enables it to provide reasonable assurance that assets are safeguarded and that the accounting records constitute an adequate basis for objective, reliable financial statements that accurately represent the Régie's financial position and operations.

The Board of Directors is responsible for examining and approving the financial statements and for overseeing the manner in which management fulfils its responsibilities regarding financial information. The Board of Directors is assisted in carrying out its mandate by the Audit Committee.

The Régie recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Régie's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as the his opinion. The Auditor General may, without restriction, meet with management to discuss any matter concerning his audit.

Duc Vu
President and Chief Executive Officer

André Gignac
Director, Budget and
Financial Resources

Sillery, May 25, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Régie de l'assurance maladie du Québec as at March 31, 2001, and the statements of program cost and financing for the year then ended. These financial statements are the responsibility of the Régie's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Régie as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with accounting principles that are generally accepted in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in the accounting treatment of program costs as disclosed in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 25, 2001

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC
(R.S.Q., c. A-30 and c. A-31)
GENERAL FUND

REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	2001	2000 (Note 4)
REVENUE		
Contribution from the Gouvernement du Québec	$24 675 106	$22 520 552
EXPENDITURE		
Administrative expenses (Note 5)		
Salaries and fringe benefits	$19 392 432	$17 477 666
Transportation and communications	1 999 308	1 620 203
Professional services	685 692	746 701
Rent	1 577 015	1 608 234
Maintenance and repairs	169 887	190 487
Supplies and equipment	578 347	503 122
Depreciation of fixed assets	272 425	374 139
	$24 675 106	$22 520 552

BALANCE SHEET
as at March 31, 2001

	2001	2000 (Note 4)
ASSETS		
Current assets		
Accounts receivable from the Gouvernement du Québec (Note 6)	$6 883 954	$6 386 605
Fixed assets (Note 7)	978 622	803 147
	$7 862 576	$7 189 752
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$1 739 830	$1 956 128
Deferred Government assistance	978 622	803 147
Provision for sick leave and vacation time	5 144 124	4 430 477
	$7 862 576	$7 189 752

On behalf of the Régie,
André Dicaire, President and Chief Executive Officer
Laurent Pellerin, Chairman of the Board

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

FARM INCOME STABILIZATION INSURANCE FUND

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 2001

	2001	2000
REVENUE		
Contributions by insured persons	$171 402 012	$155 068 217
Gouvernement du Québec contribution receivable (Note 8)	342 804 024	310 136 434
Other revenue	7 482	21 991
Interest on short-term investments	2 118 632	
	516 332 150	465 226 642
LIABILITIES		
Interest on borrowings		3 468 947
Compensation to insured persons (Note 20)	406 107 549	411 293 890
	406 107 549	414 762 837
EXCESS OF REVENUE OVER EXPENDITURE	110 224 601	50 463 805
DEFICIT, BEGINNING OF YEAR	(140 207 966)	(190 671 771)
DEFICIT, END OF YEAR	$(29 983 365)	$(140 207 966)

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Interfund claims (Note 10)	$88 216 131	
Accounts receivable and accrued interest	3 777 239	$5 198 375
Advances to insured persons (Note 11)	157 622 067	122 976 021
	$249 615 437	$128 174 396
LIABILITIES		
Owed to the Gouvernement du Québec (Note 18)	$8 159 390	
Accounts payable and accruals (Note 14)	38 766 465	$14 050 099
Unrealized assessments and contributions (Note 18)	119 280 211	61 891 402
Allowance for compensation	88 565 880	96 865 083
Interfund claims (Note 10)	24 826 856	95 575 778
	279 598 802	268 382 362
DEFICIT (Note 20)	(29 983 365)	(140 207 966)
	$249 615 437	$128 174 396

On behalf of the Régie,
André Dicaire, President and Chief Executive Officer
Laurent Pellerin, Chairman of the Board

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

CROP INSURANCE FUND

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Insured persons' contributions	$20 268 193	$21 104 741
Contribution from the Gouvernement du Québec	20 515 816	21 498 002
Other contributions (Note 9)	247 623	393 261
Interest on short-term investments	7 657 454	5 313 465
	48 689 086	48 309 469
EXPENDITURE		
Compensation to insured persons (Note 21)	127 437 702	10 613 857
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE	(78 748 616)	37 695 612
SURPLUS, BEGINNING OF YEAR	112 853 352	75 157 740
SURPLUS, END OF YEAR	$34 104 736	$112 853 352

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Cash on hand		$520 604
Short-term investments (Note 12)	$25 910 255	38 165 252
Government of Canada contribution receivable	12 856	13 647
Gouvernement du Québec contribution receivable	204 917	303 758
Accounts receivable and accrued interest	272 984	279 434
Interfund claims (Note 10)	24 826 856	85 258 260
	$51 227 868	$124 540 955
LIABILITIES		
Outstanding cheques less cash on hand	$3 599 062	
Accounts payable and accruals	1 655 761	$22 486
Unrealized assessments	623 954	11 322 264
Allowance for indemnities	11 244 355	342 853
	17 123 132	11 687 603
SURPLUS (Note 21)	34 104 736	112 853 352
	$51 227 868	$124 540 955

On behalf of the Régie,
André Dicaire, President and Chief Executive Officer
Laurent Pellerin, Chairman of the Board

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

TRIPARTITE GROSS REVENUE INSURANCE PLAN FOR CROPS FUND

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Interest on short-term investments	$1 138 260	$1 034 352
EXPENDITURE		
EXCESS OF REVENUE OVER EXPENDITURE	1 138 260	1 034 352
SURPLUS, BEGINNING OF YEAR	20 526 800	20 734 224
	21 665 060	21 768 576
Capital and interest distributed (Note 2)	(8 109 826)	(1 241 776)
SURPLUS, END OF YEAR	$13 555 234	$20 526 800

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Cash on hand	$94 320	$4 953
Accrued interest	221 506	343 293
Short-term investments (Note 12)	21 349 234	21 420 330
	$21 665 060	$21 768 576
LIABILITIES		
Owing the Fédération des producteurs de cultures commerciales du Québec (Note 2)	$474 313	$1 241 776
Owing grain, grain corn and soybean producers	7 635 513	
	8 109 826	1 241 776
SURPLUS	13 555 234	20 526 800
	$21 665 060	$21 768 576

On behalf of the Régie,
André Dicaire, President and Chief Executive Officer
Laurent Pellerin, Chairman of the Board

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

FUTURES FUND

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Net gains (net losses) on term contracts for foodstuffs	$3 298 409	$(58 874)
Net gains in exchange	235 254	25 062
Interest on short-term investments and guarantee deposits	253 565	341 436
	3 787 228	307 624
EXPENDITURE		
Brokerage fees	181 737	186 270
Interest on notes payable	322 688	197 269
	504 425	383 539
EXCESS (DEFICIENCY) OF EXPENDITURE OVER REVENUE	3 282 803	(75 915)
(DEFICIT) SURPLUS, BEGINNING OF YEAR	(54 827)	21 088
	3 227 976	(54 827)
Revenues distributed to the Gouvernement du Québec (Note 2)	(3 227 976)	
DEFICIT, END OF YEAR		$(54 827)

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Cash on hand	$1 412 292	$34 719
Guarantee deposit (Note 13)	1 800 328	2 786 287
Accounts receivable and accrued interest	15 356	11 232
	$3 227 976	$2 832 238
LIABILITIES		
Owed to the Gouvernement du Québec	$3 227 976	
Notes payable		$5 052 209
Deferred net gains (net losses) on term contracts for foodstuffs		(2 165 144)
	3 227 976	2 887 065
DEFICIT		(54 827)
	$3 227 976	$2 832 238

DERIVATIVE FINANCIAL INSTRUMENTS (Note 15)

On behalf of the Régie,
André Dicaire, President and Chief Executive Officer
Laurent Pellerin, Chairman of the Board

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

FARM INCOME DISASTER ASSISTANCE FUND

REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	2001	2000
REVENUE		
Contribution from the Government of Canada	$3 527 969	$1 834 517
Contribution from the Gouvernement du Québec	2 126 479	943 023
	$5 654 448	$2 777 540
EXPENDITURE		
Indemnities	$5 654 448	$2 777 540

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Cash on hand	$60 737	$287 210
Interfund claims (Note 10)		10 317 518
Government of Canada contribution receivable	1 503 535	
Short-term investments (Note 12)	95 000 000	
	$96 564 272	$10 604 728
LIABILITIES		
Provision for indemnities	$4 077 430	$2 094 126
Government of Canada contribution received in advance		2 553 625
Owed to the Gouvernement du Québec (Note 18)	4 270 711	5 956 977
Interfund claims (Note 10)	88 216 131	
	$96 564 272	$10 604 728

On behalf of the Régie,
André Dicaire, President and Chief Executive Officer
Laurent Pellerin, Chairman of the Board

---

1. CONSTITUTION AND MANDATES OF THE RÉGIE

A legal person within the meaning of the Civil Code, the Régie des assurances agricoles du Québec was established by the Crop Insurance Act (R.S.Q., c. A-30) for the purpose of administering the crop insurance provided for under its incorporating act and the farm income stabilization insurance scheme, in keeping with the Act respecting farm income stabilization insurance (R.S.Q., c. A-31).

It administers the funds for which it is the trustee under the Crop Insurance Act (R.S.Q., c. A-30) and the Act respecting farm income stabilization insurance (R.S.Q., c. A-31). It also administers, under all agreements, all other funds the Government entrusts it to manage as a trustee such as the Tripartite Gross Revenue Insurance Plan for crops and the Futures Fund and Farm Income Disaster Assistance Fund.

The Tripartite Gross Revenue Insurance Plan for grain, grain corn and soybeans was established by an agreement between the provincial and federal governments.

The Term Contracts Fund represents the program for using certain instruments and contracts of a financial nature instituted by the Régie des assurances agricoles du Québec.

The Farm Income Disaster Assistance Fund was set up on July 7, 1999 by an agreement between the provincial and federal governments.

2. DESCRIPTION OF FUNDS ADMINISTERED BY THE RÉGIE AND FINANCING

This description is provided for information purposes. For further details on programs and plans, the reader should refer to the laws and regulations applicable and agreements depending on the case in question.

I) Farm Income Stabilization Insurance Fund

The Farm Income Stabilization Insurance Fund offers farm producers protection against market price fluctuations. Its purpose to guarantee them a positive net annual income. For this reason, the Régie pays compensation to insured persons when their net annual income is lower than the net annual stabilized income.

The Gouvernement du Québec pays an annual contribution equal to double the insured persons' assessments.

Under the Canada-Québec subsidiary agreement on farm income protection and the Canada-Québec agreement on additional federal contributions to the Farm Income Stabilization Insurance Plan for 1998 and 1999, the Government of Canada pays sums to the Gouvernement du Québec.

At March 31, 2001, the scheme had fifteen categories of coverage under ten distinct products.

II) Crop Insurance Fund

The Crop Insurance Fund was established to enable producers to insure themselves against crop production losses resulting from uncontrollable risks that are not due to human intervention.

The Gouvernement du Québec pays an annual contribution equal to the insured persons' assessments, as well as a contribution to the crop damage by wildfowl compensation program.

Under the Canada-Québec crop insurance agreement, the Government of Canada reimburses 50% of the Gouvernement du Québec contribution.

The crop insurance program offers two systems of coverage: individual crop insurance adapted to each operation and group crop insurance, which offers insurance coverage to producers in the same geographical area.

2. DESCRIPTION OF FUNDS ADMINISTERED BY THE RÉGIE AND FINANCING (cont'd)

III) Tripartite Gross Revenue Insurance Plan for Crops Fund

The Plan expired at the end of the 1995 crop year. An agreement between the Government of Canada and the Gouvernement du Québec, signed on April 7, 2000, provides for the distribution of interest generated by fund management for the period March 31, 1997 to March 31, 2000 as well as fund surplus sharing.

A new agreement terminating March 31, 2002 extends the terms and conditions of the previous agreement. According to it, a payment of 41 2/3% of the interest representing Canada's share was paid to the Fédération des producteurs de cultures commerciales du Québec. Moreover, the producers' share (capital and interest) totalling 33 1/3% may be paid as a credit toward the contributions of the producers' in question before the termination of the written agreement of the Fédération des producteurs de cultures commerciales du Québec. This request was made on April 5, 2001.

IV) FUTURES FUND

The Régie des assurances agricoles du Québec uses term contracts and term contract options on pork and corn-grain markets.

Operations are financed by borrowings not exceeding $40 million.

The income from futures contracts must be used first to pay the interest, fees and principal on the borrowings as well as brokerage fees. The remaining balance must be deposited in the Farm Income Stabilization Insurance Fund as the Gouvernement du Québec's contribution. The Régie does not use derivatives for speculation purposes.

The program for the use of certain instruments and contracts of a financial nature ended on April 22, 2001. According to the terms and conditions of this program, the surplus remaining when it has terminated is paid to the Gouvernement du Québec after repaying loans and other charges.

V) FARM INCOME DISASTER ASSISTANCE FUND

The Farm Income Disaster Assistance Fund is a farm income support program in which participation is optional. Under the agreement, the Government of Canada and the Gouvernement du Québec assume 60% and 40% respectively of overall program costs, based on the indemnities and compensation paid to producers under other provincial insurance programs.

The program is intended for any Québec agricultural operation that has suffered a significant drop in farm income. It is not tied to any specific type of production and operators' total farm income, on an individual basis.

3. ACCOUNTING POLICIES

The financial statements of the Régie and the funds it administers were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. These statements of changes in the financial position of the Régie and the fund it administers are not shown as it would not provide any useful supplementary information regarding the funds' cash flow during the year.

Short-term Investments

Short-term investments are recorded at acquisition cost.

---

3. ACCOUNTING POLICIES (cont'd)

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC – GENERAL FUND

Fixed assets

Fixed assets are recorded at acquisition cost and are depreciated over their useful lives according to the straight-line method and at the following rates:

Equipment	from 20% to 33.33%
Computer systems development	20 %

Deferred government assistance

Appropriations used to acquire fixed assets are recorded as deferred Government assistance and transferred to the year-end statement according to the same method and rates as the depreciation of the acquired fixed assets.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Régie sufficient information to apply the accounting procedure for defined benefit plans.

FARM INCOME STABILIZATION INSURANCE FUND AND CROP INSURANCE FUND

Assessments, contributions and compensation

Assessments, contributions and compensation under the Farm Income Stabilization Insurance Fund and the Crop Insurance Fund are recorded as revenue or expenditure in the fiscal year during which the insurance year ends.

The 2000 insurance year was considered for the crop insurance program. For the different products covered by the farm income stabilization insurance plan, the insurance years considered are shown in Note 20.

FUTURES FUND

Gains and losses on futures contracts

Gains and losses on futures contracts for agricultural commodities, as well as the related costs, are charged to results using the same method as the Gouvernement du Québec contribution, which is posted to the Farm Income Stabilization Insurance Fund, i.e. in the fiscal year during which the insurance year ends.

Foreign exchange

Forward exchange transactions for agricultural commodities are translated at the rate in effect when the income or expenditure occurred. Assets and liabilities are translated at the exchange rate in effect on the date the balance sheet is prepared. Foreign exchange gains and losses on forward exchange transactions are charged to results using the same method as gains and losses on futures contracts. Other foreign exchange gains or losses not related to futures contracts are recorded during the fiscal year in which the income or expenditure occurs.

FARM INCOME DISASTER ASSISTANCE FUND

Indemnities

The fiscal year targeted by the claim under the program corresponds to the producer's taxation year ending in the 1999 calendar year. The indemnities observed correspond to complete applications received within the prescribed deadlines and whose amounts could be estimated with reasonable effort.

4. CHANGE IN ACCOUNTING POLICIES

Pension plan contributions

As of the current fiscal year, the cost of the employer's contribution to the Government and Public Employees Retirement Plan (RREGOP) and the Civil Service Superannuation Plan (CSSP) is presented in the statement of revenue and expenditure, whereas formerly it was not recorded. The retroactive application of this change increases the following items of the financial statements.

	2001	2000
Revenue and expenditure		
Salaries and fringe benefits	$585 000	$738 356
Gouvernement du Québec contribution	585 000	738 356

Provision for sick leave and vacation time

The obligations resulting from sick leave and vacation time accumulated by Régie employees at the end of the fiscal year are posted to liabilities under "Provision for sick leave and vacation time". Previously, these expenditures were recorded to operations for the fiscal year in which the employees used their holidays. The retroactive application of this change increases the following items of the financial statements.

	2001	2000
Revenue and expenditure		
Salaries and fringe benefits	$713 647	$312 796
Gouvernement du Québec contribution	713 647	312 796
Balance sheet		
Receivable from the Gouvernement du Québec	$5 144 124	$4 430 477
Provision for sick leave and vacation time	5 144 124	4 430 477

5. BREAKDOWN OF ADMINISTRATIVE EXPENSES BETWEEN THE DIFFERENT FUNDS ADMINISTERED BY THE RÉGIE

The administrative expenses are broken down between the insurance fund and the other funds administered by the Régie, according to the expenses related to each and the balance based on the efforts of each.

	2001	2000
Farm Income Stabilization Insurance Fund	$8 146 753	$8 299 220
Crop Insurance Fund	15 487 297	13 038 347
Futures Fund	159 072	163 218
Farm Income Disaster Assistance Fund	881 984	1 019 767
	$24 675 106	$22 520 552

All of the Régie's administrative expenses are paid by the Gouvernement du Québec. The Government of Canada reimburses the Gouvernement du Québec 50% of the administrative expenses for the crop insurance program and 60% of the administrative expenses for the Farm Income Disaster Assistance Fund.

6. RECEIVABLE FROM THE GOUVERNEMENT DU QUÉBEC

	2001	2000
Accounts receivable and accruals	$1 739 830	$1 956 128
Provision for sick leave and vacation time	5 144 124	4 430 477
	$6 883 954	$6 386 605

7. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Equipment	$1 027 764	$703 485	$324 279	$284 954
Computer systems development	1 017 687	363 344	654 343	518 193
	$2 045 451	$1 066 829	$978 622	$803 147

The acquisitions for the fiscal year total $477 899 (2000: $447 643).

8. CONTRIBUTIONS FROM THE GOUVERNEMENT DU QUÉBEC

The Gouvernement du Québec contribution to the Farm Income Stabilization Insurance Fund corresponds to double the regular assessment of producers.

This year, the Government of Canada paid $53 148 000 (2000: $35 121 000) under the Canada-Québec subsidiary agreement of farm income protection and $111 630 000 (2000: $116 700 000) under the Canada-Québec agreement on an additional federal contribution to the Québec Farm Income Stabilization Insurance Plan for 1998 and 1999. One third of the additional federal contribution to farm income stabilization insurance is remitted to producers as a contribution discount and the balance of the amounts received as payment to the Gouvernement du Québec to repay its contribution to the Farm Income Stabilization Insurance Plan.

9. OTHER CONTRIBUTIONS

Under an agreement between the Québec and Canadian governments, each paid financial assistance in the amount of $247 623 (2000: $393 261) to the Crop Insurance Fund as a contribution to the compensation program for damage caused by wildfowl.

10. INTERFUND CLAIMS

Interfund claims, bearing interest at rates varying between 5.12% and 5.82% for 2000-2001, are not linked to any predefined method of reimbursement or.

Owed by the Farm Income Stabilization Insurance Fund at March 31, 2001:

	2001	2000
To the Crop Insurance Fund	$24 826 856	$85 258 260
To the Farm Income Disaster Assistance Fund		10 317 518
	$24 826 856	$95 575 778

10. INTERFUND CLAIMS (cont'd)

Owed by the Farm Income Disaster Assistance Fund at March 31, 2001:

	2001	2000
To the Farm Income Stabilization Insurance Fund	$88 216 131	

11. ADVANCES TO INSURED PERSONS

Advances to insured persons represent a portion of compensation paid to producers as an instalment on schemes for which the insurance year ends during a subsequent fiscal year. This measure is applied when the spread between the stabilized income and the market price justifies such action and when it is obvious that this spread will continue until the end of the insurance year.

	2001	2000
Grain, grain corn and soybean producers	$155 553 531	$120 383 546
Apple producers	2 068 536	2 592 475
	$157 622 067	$122 976 021

12. SHORT-TERM INVESTMENTS

Crop Insurance Fund

	2001	2000
Commercial papers and bills at floating rates, 5.25% to 5.36%, maturing up to January 5, 2002		$27 322 098
Caisse de dépôt et placement du Québec:		
Participation deposits		10 290 248
Demand deposits, 5.17%	$25 910 255	552 906
	25 910 255	10 843 154
	$25 910 255	$38 165 252

Participation deposits with the General Fund of the Caisse de dépôt et placement du Québec are expressed in units. Units may be refunded on advance notice, in accordance with the terms of payment of the Caisse de dépôt, at the fair value of the net equity of the General Fund at the end of each month. At March 31, 2001, the Régie did not own participation units (2000: 10 578).

The market value of short-term investments is as follows:

	2001	2000
Commercial papers and bills at floating rates		$27 359 052
Caisse de dépôt et placement du Québec:		
Participation deposits		10 290 248
Demand deposits	$25 910 255	552 906
	25 910 255	10 843 154
	$25 910 255	$38 202 206

---

12. SHORT-TERM INVESTMENTS (cont'd)

Tripartite Gross Revenue Insurance Plan for Crops Fund

	2001	2000
Bonds, commercial papers and bankers' acceptance, 4.78% to 6.05%, maturing up to April 10, 2001	$21 349 234	$21 420 330

At March 31, 2001, the market value of short-term investments is of $21 578 536 (2000: $21 340 701).

Farm Income Disaster Assistance Fund

	2001	2000
Deposit certificate 5% maturing on April 2, 2001	$95 000 000	

As at March 31, 2001, the market value of short-term investments is of $95 000 000.

13. SECURITY DEPOSIT

A deposit required by the US commodities markets, representing US treasury bills, 5.55% to 6.05%, maturing up to May 17, 2001.

14. ACCOUNTS RECEIVABLE AND ACCRUALS

Of the amount recorded on March 31, 2001, $38 216 131 (2000: $13 833 516) represents the portion that is non-refundable to producers as a contribution credit for amounts received under the Canada-Québec agreement on an additional federal contribution to the Farm Income Stabilization Insurance Plan for 1998 and 1999. One third of the contribution received is remitted to producers participating in the Farm Income Stabilization Insurance Plan in the form of a contribution credit.

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Gouvernement du Québec authorized the Régie to use term contracts as financial instruments on foodstuffs and exchange markets in order to exercise greater control over management of the risk to which the Government is exposed through its contribution to the Farm Income Stabilization Insurance Plan. The program was renewed for a three-year period under a decree of April 22, 1998, and ended on April 22, 2001.

The face value of futures contracts for foodstuffs at March 31, 2001 was zero (2000: $56 414 935).

16. FUTURE FRINGE BENEFITS

Pension Plans

The staff members of the Régie participate in the Government and Public Employees Retirement Plan (RREGOP) and the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

16. FUTURE FRINGE BENEFITS (cont'd)

Pension Plans (cont'd)

The Régie's contributions charged to the year-end statement amount to $585 000 (2000: $738 356). The liability of the Régie towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave and vacation time

	2001	2000
Opening balance	$4 430 477	$4 117 681
Charge for the year	1 671 711	1 162 024
Benefits paid during the year	(958 064)	(849 228)
Closing balance	$5 144 124	$4 430 477

17. RELATED PARTY TRANSACTIONS

The main related party transactions are as follows:

Rental payments– Société immobilière du Québec	$1 714 529
Supplies– Government services funds	691 067
Security – Commission de la santé et de la sécurité du travail	103 905
Measurement – Geographic and Property Information Fund	95 060

In addition to the related party transactions disclosed in its financial statements, measured at exchange value, the Régie is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Régie did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

18. SUBSEQUENT EVENTS

Constitution of La Financière agricole du Québec

Following a Cabinet decision, on April 17, 2001, La Financière agricole du Québec replaced the Société de financement agricole and the Régie des assurances agricoles du Québec, whose rights, powers and obligations it assumes.

La Financière agricole du Québec, managed in partnership with the agricultural sector, is responsible for continuing the programs and services offered by the Société de financement agricole and the Régie des assurances agricoles du Québec. This new corporation's purpose is primarily to support and promote, from a sustainable development viewpoint, the development of Québec's farm and agrifood sector.

---

18. SUBSEQUENT EVENTS (cont'd)

Agreement between La Financière agricole du Québec and the Minister of Agriculture, Fisheries and Food

An agreement signed on May 7, 2001 by La Financière agricole du Québec and the Minister of Agriculture, Fisheries and Food stipulates the parties' obligations, among other things. The agreement states that all of the Régie des assurances agricoles du Québec's budgetary facilities at March 31, 2001, as well as all amounts receivable from the Government of Canada following claims made prior to April 1, 2001 or adjustments for past years, are paid to the Consolidated Revenue Fund, with the exception of the producers' share and $50 000 000 paid to La Financière agricole du Québec. The Régie's budgetary facilities owing the Consolidated Revenue Fund at March 31, 2001 total $8 159 390 for farm income stabilization insurance and $4 270 711 for assistance in case of disasters linked to farm income.

19. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

20. CONTINUITY BY FARM INCOME STABILIZATION INSURANCE FUND INSURABLE PRODUCTS

Insurable products	Balance (deficit) as at March 31, 2000	Assessments and contributions and other revenue	Compensation	Interest on investments	Balance (deficit) as at March 31, 2001
Feeder calves	$2 573 680	$82 098 084	$52 300 851	$4 337 783	$36 708 696
Slaughter steer and cattle	6 724 172	28 102 036	17 477 044	1 784 528	19 133 692
Milk-fed calves	4 357 279	15 074 935	22 598 798	746 574	(2 420 010)
Grain-fed calves	2 087 954	10 031 171	10 071 440	460 813	2 508 498
Weaners	(77 432 966)	66 336 815	26 482 405	302 793	(37 275 763)
Hogs	(32 434 001)	109 805 128	3 358 900	(1 128 381)	72 883 846
Lamb	2 034 709	14 636 643	14 240 772	676 258	3 106 838
Potatoes	(918 588)	6 652 035	2 789 601	334 563	3 278 409
Grain, grain corn and soybeans	(48 011 995)	178 934 179	252 077 533	(5 392 840)	(126 548 189)
Apples	811 790	2 542 492	4 710 205	(3 459)	(1 359 382)
	$(140 207 966)	$514 213 518	$406 107 549	$2 118 632	$(29 983 365)

Insurable products	Current insurance year	Period covered by insurance year
Feeder calves	2000	January 1,2000 to December 31, 2000
Slaughter steer and cattle	2000	January 1, 2000 to December 31, 2000
Milk-fed calves	2000	January 1, 2000 to December 31, 2000
Grain-fed calves	2000	January 1, 2000 to December 31, 2000
Weaners	2000	April 1, 2000 to March 31, 2001
Hogs	2000	April 1, 2000 to March 31, 2001
Lamb	2000	January 1, 2000 to December 31, 2000
Potatoes	1999	August 15, 1999 to July 31, 2000
Grain	1999	August 1, 1999 to July 31, 2000
Grain corn	1999	October 1, 1999 to September 30, 2000
Soybeans	1999	September 1, 1999 to August 31, 2000
Apples	1999	August 15, 1999 to August 14, 2000

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

21. CHANGES BY SYSTEM IN THE CROP INSURANCE FUND

		2000 insurance year			
	Balance as at March 31, 2000	Assessments and contributions	Indemnities	Interest on investments	Balance as at March 31, 2001
Collective system	$49 560 894	$17 840 840	$49 130 214	$3 379 617	$21 651 137
Individual system	63 292 458	23 190 792	78 307 488	4 277 837	12 453 599
	$112 853 352	$41 031 632	$127 437 702	$7 657 454	$34 104 736

MANAGEMENT'S REPORT

The financial statement of the Régie des assurances agricoles du Québec and the funds it administers as well as all of the information contained in this annual report are the responsibility of management and have been approved by the board of directors. The financial statements were drawn up by management in accordance with generally accepted accounting policies in Canada. The financial statements contain certain amounts based on estimates and judgements.

In accordance with its mandate, the Régie maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare relevant, reliable and accurate financial statements.

The Régie recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it, as well as with the various Canada-Québec agreements. No less than once every five years, the Régie must prepare an actuarial valuation of its operations and include all information that would be useful in setting assessment rates for crop insurance and stabilisation insurance.

The board of directors is responsible for ensuring that management assumes its responsibilities with regard to the presentation of the financial information and is ultimately responsible for examining and approving the financial statements.

The Auditor General of Québec has conducted an audit of the Régie's financial statements and the funds its administers in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

André Dicaire
President and Chief Executive Officer

Jean-Marc Lafrance
Vice-President, Insurance
and Income Protection

Québec, August 31, 2001

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheets of the Régie des assurances agricoles du Québec - General Fund, the Farm Income Stabilization Insurance Fund, the Crop Insurance-Fund, the Tripartite Gross Revenue Insurance Plan for Crops Fund, the Futures Fund and the Farm Income Disaster Assistance Fund as at March 31, 2001, and the statement of revenue and expenditure of the Régie des assurances agricoles du Québec – General Fund and the Farm Income Disaster Assistance Fund, the statement of revenue and expenditure and deficit of the Farm Income Stabilization Insurance Fund and the statement of revenue and expenditures and surplus of the Corp Insurance Fund, the Tripartite Gross Revenue Insurance Plan for Crops Fund and the Futures Fund for the year then ended. These financial statements are the responsibility of the Régie's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Régie, - General Fund, the Farm Income Stabilization Insurance Fund, the Crop Insurance Fund, the Tripartite Gross Revenue Insurance Plan for Crops Fund, the Futures Fund and the Farm Income Disaster Assistance Fund as at March 31, 2001, and the results of the insurance funds' operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in accounting policies disclosed in Note 4, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, August 31, 2001

RÉGIE DES INSTALLATIONS OLYMPIQUES
(R.S.Q., c. R-7)
REVENUE FUND

EARNINGS
for the year ended October 31, 2000
(in thousands of dollars)

	2000	1999
REVENUE		
Québec Government grant (Notes 4 and 13)	22 062	14 283
Sport and tourist installations and special events		
Entrance fees	4 005	4 239
Rent	2 113	997
Advertising	386	427
Parking	2 797	2 269
Souvenirs	656	621
Concession fees	1 030	775
Rental of commercial and office spaces	1 234	1 239
Energy cost supplied to third parties – recovered	4 027	4 007
Work and services billed to third parties	1 091	765
Other	76	108
	39 477	29 730
EXPENSES		
Salaries		
Regular employees	7 154	8 152
Casual employees	2 955	2 146
Employee benefits	1 769	1 620
Pension fund contributions	298	434
Costs relating to breach of employment contracts	624	114
Service contracts	3 438	3 251
Equipment rental and materials	1 311	1 100
Products for resale	332	324
Energy	6 628	6 136
Insurance	12	37
Taxes on water and services (Note 13)	7 764	34
Professional fees	334	174
Allowance for claims	404	
Rights, commissions and fees	282	401
Financial expenses		
Interest on short-term loan	307	193
Interest on long-term debt	993	1 175
Stationery, printing, telecommunications	372	398
Advertising	1 127	1 198
Other	352	434
Depreciation of fixed assets	3 193	3 091
	39 649	30 412
OPERATING DEFICIT	(172)	(682)
Other item		
Costs incurred as a result of the incident on January 18, 1999	1 265	2 489
Deficit before additional grant	(1 437)	(3 171)
Additional Québec government grant relating to the 1999 deficit	3 171	
SURPLUS (DEFICIT) FOR THE YEAR	1 734	(3 171)

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

REVENUE FUND
OPERATING SURPLUS
APPROPRIATED SURPLUS
for the year ended October 31, 2000
(in thousands of dollars)

	2000							1999
	Appropriated							
	New product and market development	Installation maintenance program	Data processing master plan Phase II	Upgrading media facilities	Total	Operations	Total	Total
SURPLUS (DEFICIT), BEGINNING OF YEAR	1 729	455	29	174	2 387	(3 114)	(727)	3 387
Surplus (deficit) for the year						1 734	1 734	(3 171)
Invested in fixed assets	(311)	(190)	(9)	(4)	(514)		(514)	(943)
Transfers to operating surplus	(1 016)	(165)	(20)	(170)	(1 371)	1 371		
Balance available for investments	402	100			502	(9)	493	(727)
SURPLUS, BEGINNING OF YEAR	481	263	263	8	1 015	419	1 434	491
Fixed assets								
Acquired from surplus	311	190	9	4	514		514	943
Transfers from operating surplus	(436)	(168)	(89)	(3)	(696)	696		
Amortized balance	356	285	183	9	833	1 115	1 948	1 434
SURPLUS, END OF YEAR	758	385	183	9	1 335	1 106	2 441	707

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

REVENUE FUND

CASH FLOWS
for the year ended October 31, 2000
(in thousands of dollars)

	2000	1999
OPERATING ACTIVITIES		
Surplus (deficit) for the year	1 734	(3 171)
Non-cash items		
Depreciation of fixed assets	3 193	3 091
Loss on disposal of fixed assets	191	
Changes in other assets and liabilities (Note 5)	439	1 155
Net cash generated	5 557	1 075
INVESTING ACTIVITIES		
Fixed assets	(5 161)	(4 893)
Disposal of fixed assets	47	
Net cash used	(5 114)	(4 893)
FINANCING ACTIVITIES		
Bank loan	97	1 897
Due to Construction Fund	4	(1)
Long-term loans	10 000	
Repayment of long-term debt	(10 000)	(3 358)
Net cash generated (used)	101	(1 462)
INCREASE (DECREASE) IN CASH	544	(5 280)
CASH (BANK OVERDRAFT), BEGINNING OF YEAR	(165)	5 115
CASH (BANK OVERDRAFT), END OF YEAR	379	(165)

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

REVENUE FUND

BALANCE SHEET
as at October 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Cash	379	
Accounts receivable	1 657	1 297
Grant receivable	8 248	
Inventory	827	912
Prepaid expenses	96	275
Fixed assets (Note 6)	25 367	23 637
Deferred financing costs		36
	36 574	26 157
LIABILITIES		
Bank overdraft		165
Bank loan (Note 7)	1 994	1 897
Accounts and commitments payable	16 446	8 387
Deferred grant	688	
Due to Construction Fund	5	1
Long-term debt (Note 8)	15 000	15 000
	34 133	25 450
SURPLUS		
Operating surplus (deficit)	1 106	(2 695)
Appropriated surplus	1 335	3 402
	2 441	707
	36 574	26 157

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,
Alain Riendeau, Director
Camille Montpetit, Director

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CASH FLOWS
for the year ended October 31, 2000
(in thousands of dollars)

	2000	1999
INVESTING ACTIVITIES		
Construction disbursements	(898)	(9 348)
Net changes in other assets and liabilities	(2)	(1 418)
Net cash used	(900)	(10 766)
FINANCING ACTIVITIES		
Contributions received from the Special Olympic Fund	40 395	29 799
Net repayment of long-term loans	(40 049)	(18 409)
Net cash generated	346	11 390
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENT	(554)	624
CASH AND SHORT-TERM INVESTMENT, BEGINNING OF YEAR	816	192
CASH AND SHORT-TERM INVESTMENT, END OF YEAR	262	816

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

BALANCE SHEET
as at October 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Construction cost of the installations (Note 9)	1 476 917	1 476 079
Expenses to be assumed by the Special Olympic Fund (Note 10)	124 976	123 496
Contributions received (Note 11)	(1 226 108)	(1 185 713)
	375 785	413 862
Other assets		
Cash	262	17
Accounts receivable		2
Short-term investment, 4.72%		799
Advances to Revenue Fund	5	1
	267	819
	376 052	414 681
LIABILITIES		
Long-term debt (Note 8)	367 136	407 185
Accounts and commitments payable	397	457
Accrued interest	8 519	7 039
	376 052	414 681

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,
Alain Riendeau, Director
Camille Montpetit, Director

NOTES TO FINANCIAL STATEMENTS
October 31, 2000
(in thousands of dollars)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

The Régie des installations olympiques (the Régie) is a mandatory corporation of the Québec Government, incorporated by an act adopted by the Québec Government, the Act respecting the Régie des installations olympiques.

The Régie is the owner of some movable and immovable installations provided for the Games of the XXIst Olympiad and was given the mandate to complete the construction and layout of the aforesaid installations as well as to operate them.

The Régie's revenue must primarily be used for its operations. Any excess funds are to be used for the repayment of loans, advances or other obligations of the Régie concerning the completion of the olympic installations. As soon as the above-mentioned loans and advances are paid and other obligations executed, the Olympic installations will become the property of the City of Montréal.

The Régie's activities are divided into four primary segments: leasing of commercial premises, offices and sports facilities, production of events, tourism and social.

A significant portion of the Régie's operating budget is provided from its social activities, including the use of the sports facilities by the general public and for training for elite competitions.

Moreover, the Régie provides on-going support to organizations located in the Hochelaga-Maisonneuve area and the East end of Montréal.

2. ASSOCIATED ORGANIZATION

The Special Olympic Fund was constituted by the Act to establish a Special Olympic Fund. This Fund was created to collect from the Minister of Revenue a portion of the special tax on tobacco, the proceeds from the sale of the fixed assets of the Régie's Construction Fund and, formerly, the net receipts reserved for Québec from Loto-Canada.

Managed by the Minister of Finance of Québec, this Special Fund is to be used solely for the repayment of the Régie's loans and related interest and for the completion costs of the olympic installations.

3. ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with generally accepted accounting principles or according to certain practices allowed in public or quasi-public organizations. The principal practices are listed below.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Régie's management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Régie may undertake in the future. Actual results may differ from those estimates.

Expenses charged from the Revenue Fund to the Construction Fund

Since 1997, the Régie has not charged any direct and indirect administrative expenses related to the completion of the installations to the Construction Fund.

Income taxes

Since the Régie is a mandatory corporation of the Québec Government, it is not subject to income taxes.

Property taxes

The Régie is not subject to property taxes from the City of Montréal.

3. ACCOUNTING PRINCIPLES (cont'd)

Claims

The Régie accounts for claims against third parties only upon receipt of payment.

Provisions have been taken for the lawsuits and claims against the Régie for which the outcome is foreseeable.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the average cost method.

Depreciation and amortization

Capital assets acquired for operating purposes are depreciated over their estimated useful lives according to the straight-line method and the following annual rates and period:

Equipment	8.33%, 10%, 20% and 33.33%
Structure and specific improvements	5%, 6.67%, 10% and 20%
Leasehold improvements	Term of the Régie tenant's lease for spaces
Automotive equipment	10% and 26.33%

Commitments payable

The Régie accounts for the cost of property when the related purchase orders is issued.

Construction cost of the installations

Excluding the land on which the Olympic installations are built, the cost includes construction, administrative and financing costs and all long-term debt issuing expenses incurred since the beginning. The cost of machinery and equipment used during the construction period has also been charged to the construction cost of the installations.

Disposal of assets

When installations accounted for in the Construction Fund are disposed of, their cost and the corresponding contributions are not written off. However, the proceeds from the disposal of fixed assets are remitted to the Special Olympic Fund in accordance with the legislation governing the Fund (see Note 9).

Contributions received

The Régie's policy is not to charge to its operating revenue the depreciation of the construction cost of the Olympic Park and Olympic Village installations, which is reduced by contributions received.

Contributions received include, in addition to direct contributions received from associated organizations, contributions received from the Special Olympic Fund for the repayment of debt and for the completion costs not financed by long-term loans.

Contributions received exclude interest on long-term debt and on short-term loans and possible additional disbursements resulting from the fluctuation of exchange rates at the time of the repayment of debts in foreign currency which are assumed directly by the Special Olympic Fund.

Foreign currency translation

The long-term debt of the Construction Fund includes loans payable in US currency. These loans are translated into Canadian dollars using the exchange rate of 1.3598 established in accordance with the currency and interest-rate swap arrangement entered into with the Fonds consolidé de la province de Québec on October 31, 1995.

NOTES TO FINANCIAL STATEMENTS (cont'd)
October 31, 2000
(in thousands of dollars)

4. QUÉBEC GOVERNMENT GRANT

The Québec Government grant provided as financial assistance to cover the Régie's deficit is based on budget forecasts.

5. INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in other assets and liabilities are detailed as follows:

	2000	1999
Accounts receivable	(360)	672
Grant receivable	(8 248)	
Inventory	85	(59)
Prepaid expenses	179	(156)
Deferred financing costs	36	60
Accounts and commitments payable	8 059	638
Deferred grant	688	
	439	1 155

6. FIXED ASSETS

	2000		
	Cost	Accumulated depreciation	Net
Work in process	1 604		1 604
Equipment	15 191	14 082	1 109
Structure and specific improvements	41 244	20 032	21 212
Leasehold improvements	5 822	4 618	1 204
Automotive equipment	1 747	1 509	238
	65 608	40 241	25 367

	1999		
	Cost	Accumulated depreciation	Net
Equipment	16 288	14 747	1 541
Structure and specific improvements	38 320	17 849	20 471
Leasehold improvements	5 768	4 380	1 388
Automotive equipment	1 620	1 383	237
	61 996	38 359	23 637

7. BANK LOAN

The Régie has a line of credit for a maximum amount of $12 000 000 bearing interest at the lender's base rate and renewable in June 2001.

8. LONG-TERM DEBT

Revenue Fund	2000	1999
Promissory notes issued to Québec Finance Department's Financing Fund		
6.09%, maturing in August 2002	10 000	
5.92%, maturing in April 2002	5 000	5 000
7.25%, matured in September 2000		10 000
	15 000	15 000

The instalments on long-term debt to be made by the Revenue Fund total $15 000 000 in 2002.

Construction Fund	2000	1999
Promissory notes issued to the Québec Finance Department's Financing Fund		
US$77 036 000, 8.052%, maturing on December 1, 2003 (a)	104 753	104 753
Bearing interest at the three-month bankers' acceptance rate plus 0.39%, maturing on February 21, 2002	42 383	42 383
6.75%, maturing on May 1, 2003	20 000	
6.68%, maturing on May 1, 2003	25 000	
6.763%, maturing on May 16, 2003	25 000	
5.25%, maturing on April 1, 2002	65 000	65 000
7.51%, maturing on February 27, 2001	65 000	65 000
5.80167%, maturing on November 1, 2000	20 000	
7.25%, matured on September 1, 2000		11 049
5.21%, matured on February 16, 2000		18 000
4.96172%, matured on January 7, 2000		101 000
	367 136	407 185

(a) The Régie hedged the exchange risk on its foreign currency loans using a currency and interest-rate swap arrangement entered into with the Fonds consolidé de la province de Québec on October 31, 1995.

The instalments on long-term debt to be made by the Construction Fund for the next years are $85 000 000 in 2001, $107 383 000 in 2002, $70 000 000 in 2003 and $104 753 000 in 2004.

NOTES TO FINANCIAL STATEMENTS (cont'd)
October 31, 2000
(in thousands of dollars)

9. CONSTRUCTION COST OF THE INSTALLATIONS

	2000	1999
Installations used by the Régie		
Olympic Park		
Balance, beginning of year	1 204 279	1 198 425
Construction cost for the year		
New roof	830	5 800
Other work	11	54
Balance, end of year	1 205 120	1 204 279
Capitalized interest on long-term debt	16 160	16 160
	1 221 280	1 220 439
Installations disposed of		
Vélodrome [a]	82 804	82 804
Biodôme [a]	50 406	50 406
	133 210	133 210
Olympic Village [b]		
Balance, beginning of year	122 430	122 406
Other	(3)	24
Balance, end of year	122 427	122 430
	255 637	255 640
	1 476 917	1 476 079

(a) In 1994 and in accordance with the agreement signed with the City of Montréal, the Régie transferred ownership of the Biodôme to the City for no consideration. The cost relating to ownership of this property represents $133 210 000, i.e. $82 804 000 relating to the Vélodrome and $50 406 000 relating to the Biodôme (see Note 3).

(b) The Olympic Village was sold on April 14, 1998 to a private enterprise further to a call for tenders. The accounting treatment of the disposal of the Village is consistent with the accounting policy for the disposal of assets set out in Note 3.

10. EXPENSES TO BE ASSUMED BY THE SPECIAL OLYMPIC FUND

	2000	1999
Interest paid on refinancing of loans	19 486	19 486
Accrued interest on loans	8 519	7 039
Deferred exchange losses on long-term debt in foreign currency	96 971	96 971
	124 976	123 496

11. CONTRIBUTIONS RECEIVED

	2000	1999
Special Olympic Fund	964 097	923 702
Olympic Games Organizing Committee	191 362	191 362
City of Montréal	70 649	70 649
	1 226 108	1 185 713

12. CONTINGENCIES

Lawsuits and claims have been instituted by or against the Régie. As at October 31, 2000, unsettled lawsuits and claims pending against the Régie total approximately $18 400 000.

Of this amount, claims totalling $7 100 000 have been submitted to our insurance companies concerning the incident that occurred on January 18, 1999. It is currently impossible to determine the financial impact that may arise from this incident.

Based on an analysis of claims for which the outcome is foreseeable, an assessment appears to indicate that the provisions recorded are sufficient for all such lawsuits and claims.

13. SUBSEQUENT EVENT

The City of Montréal has restated the billing of taxes on water and services it provides to federal and provincial buildings, their companies and agents and other organizations that are exempt from paying business tax.

Following this decision of the City of Montréal, the Régie received, retroactive to July 2000, invoices for the periods from January 1, 1999 to December 31, 1999 and from January 1, 2000 to December 31, 2000 amounting to $4 124 000 and $4 124 000 respectively.

The Régie recorded a provision for $7 560 000 to cover these taxes for the period from January 1, 1999 to October 31, 2000.

On January 24, 2001, the Régie obtained confirmation of a grant for $8 248 000 from the Québec Government to cover the additional deficit arising from these taxes. Of this amount, $688 000 was presented as a deferred grant.

RÉGIE DES INSTALLATIONS OLYMPIQUES

AUDITORS' REPORT

To the Minister responsible for the
Régie des installations olympiques

We have audited the balance sheets of the Revenue Fund and the Construction Fund of the Régie des installations olympiques as at October 31, 2000 and the statements of earnings, operating surplus and appropriated surplus of the Revenue Fund and cash flows of the Revenue Fund and the Construction Fund for the year then ended. These financial statements are the responsibility of the Régie's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Régie as at October 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles described in Note 3. As required by the Auditor General Act (R.S.Q., c. V-5.01), we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Raymond Chabot Grant Thornton
Chartered Accountants

Montréal, December 7, 2000
(January 24, 2001 for Note 13)

RÉGIE DES RENTES DU QUÉBEC
(R.S.Q., c. R-9, c. R-15.1, c. R-17)

QUÉBEC PENSION PLAN FUND
CHANGES IN NET ASSETS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000	1999
INCREASE IN NET ASSETS			
Contributions to the Québec Pension Plan	5 986 954	4 964 589	4 339 495
Less:			
Bad debts related to uncollected contributions (Note 5)	13 920	12 812	12 127
	5 973 034	4 951 777	4 327 368
Net investment (loss) income (Note 6)	(760 667)	3 080 699	864 958
Other revenue	22	31	112
	5 212 389	8 032 507	5 192 438
DECREASE IN NET ASSETS			
Pensions and benefits paid			
Retirement benefits	4 242 880	4 030 252	3 863 849
Surviving spouse's benefits	1 201 617	1 158 698	1 120 837
Disability pensions	531 342	496 173	479 670
Orphan's pensions	18 810	19 810	20 306
Pensions to the children of disabled contributors	8 804	8 590	8 758
Death benefits	82 935	85 655	82 310
	6 086 388	5 799 178	5 575 730
Reimbursement of social aid benefits to the Ministère de l'Emploi et de la Solidarité sociale	4 577	4 845	5 167
	6 090 965	5 804 023	5 580 897
Administrative expenses (Note 7)	77 400	71 396	73 103
	6 168 365	5 875 419	5 654 000
INCREASE (DECREASE) IN NET ASSETS OF THE PLAN	(955 976)	2 157 088	(461 562)
NET ASSETS OF THE PLAN, BEGINNING OF YEAR	18 310 495	16 153 407	16 614 969
NET ASSETS OF THE PLAN, END OF YEAR	17 354 519	18 310 495	16 153 407

SUPPLEMENTAL PENSION PLANS MONITORING FUND

REVENUE AND EXPENDITURE AND FUND BALANCE

for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000	1999
REVENUE			
Fees	4 508	4 525	4 665
Interest	37	459	158
Other	62	63	68
	4 607	5 047	4 891
LIABILITIES			
Administrative expenses (Note 4)			
Salaries and fringe benefits	3 315	3 377	3 023
Transportation and communications	106	130	144
Professional services	82	95	23
Rent	292	287	260
Maintenance and repairs	44	56	26
Supplies	24	24	25
Equipment	4	6	5
Other expenses	18	24	16
Administrative expenses billed by the Société immobilière du Québec	6	6	16
Depreciation of the fixed assets allocated by the Québec Pension Plan fund	183	167	136
Professional fees related to tutorship and winding-up of plans	3	17	26
Depreciation of the fixed assets of the Fund	239	50	125
	4 316	4 239	3 825
EXCESS OF REVENUE OVER EXPENDITURE	291	808	1 066
OPENING FUND BALANCE	3 134	2 326	1 260
CLOSING FUND BALANCE	3 425	3 134	2 326

RÉGIE DES RENTES DU QUÉBEC

FUND FOR THE ADMINISTRATION OF FAMILY BENEFITS PROGRAM

REVENUE AND EXPENDITURE

for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000	1999
REVENUE			
Contribution from the Gouvernement du Québec	13 837	12 429	10 096
EXPENDITURE			
Interest on note payable	48	131	232
Administrative expenses (Note 4)			
Salaries and fringe benefits	7 930	7 422	5 297
Transportation and communications	1 661	1 479	1 376
Professional services	230	69	124
Rent	822	758	680
Maintenance and repairs	229	165	118
Supplies	85	151	151
Equipment	9	10	6
Other expenses	41	24	29
Other interest charges	74	11	60
Administrative expenses billed by the Société immobilière du Québec	16	13	36
Participation in the financing of the Tribunal administratif du Québec	133		
Depreciation of the fixed assets allocated by the Québec Pension Plan fund	682	378	309
Depreciation of the fixed assets of the Fund	1 689	1 630	1 490
Amortization of implementation expenses	188	188	188
	13 837	12 429	10 096

RÉGIE DES RENTES DU QUÉBEC

BALANCE SHEET OF THE FUNDS
as at March 31, 2001
(in thousands of dollars)

	2001	2000	1999
ASSETS			
QUÉBEC PENSION PLAN FUND			
Amounts entrusted to the Caisse de dépôt et placement du Québec (Note 8)	17 861 076	18 783 603	16 217 792
Contributions receivable from the Ministère du Revenu du Québec	141 566	21 892	35 117
Accounts receivable	5 598	5 513	5 268
Fixed assets (Note 9)	19 152	17 825	14 507
	18 027 392	18 828 833	16 272 684
SUPPLEMENTAL PENSION PLANS MONITORING FUND			
Cash on hand	3 974	2 386	2 358
Owed to the Québec Pension Plan fund		365	38
Fixed assets (Note 9)	784	887	406
	4 758	3 638	2 802
FUND FOR THE ADMINISTRATION OF THE FAMILY BENEFITS PROGRAM			
Owed to the Québec Pension Plan fund	841	932	344
Owed by the Gouvernement du Québec			221
Fixed assets (Note 9)	17 477	9 323	4 608
Implementation costs (Note 10)	267	455	643
	18 585	10 710	5 816
PARENTAL INSURANCE PLAN FUND			
Owed by the Québec Pension Plan fund	87		147
Fixed assets (Note 9)	6 876	4 037	3 689
Implementation costs (Note 10)	2 028	2 028	2 028
	8 991	6 065	5 864

On behalf of the Board of Directors,
Claude Legault, President and Chief Executive Officer
Claude Béland, Vice-President – Board of Directors

BALANCE SHEET OF THE FUNDS (cont'd)
as at March 31, 2001
(in thousands of dollars)

	2001	2000	1999
LIABILITIES AND FUND BALANCES			
Outstanding cheques less cash on hand	38 668	35 437	33 142
Advances from the Caisse de dépôt et placement du Québec	563 712	433 500	45 400
Accounts payable	58 061	37 066	29 968
Owed to the other funds administrated by the Régie des rentes du Québec	122	1 244	529
Allowance for vacation pay and sick leave	12 310	11 091	10 238
	672 873	518 338	119 277
Fund balance – Net assets of the Québec Pension Plan (Note 2)	17 354 519	18 310 495	16 153 407
	18 027 392	18 828 833	16 272 684

	2001	2000	1999
Owed to the Québec Pension Plan fund	806		
Allowance for vacation pay and sick leave	527	504	476
	1 333	504	476
Fund balance	3 425	3 134	2 326
	4 758	3 638	2 802

	2001	2000	1999
Owed to the Gouvernement du Québec	403	175	
Allowance for vacation pay and sick leave	349	381	286
Notes payable (Note 11)	17 833	10 154	5 530
	18 585	10 710	5 816

	2001	2000	1999
Owed to the Québec Pension Plan fund		53	
Notes payable (Note 11)	8 991	6 012	5 864
	8 991	6 065	5 864

1. CONSTITUTION AND MANDATE

The Régie was established in July 1965 by the act entitled Régime de rentes du Québec (1965, chapter 24). The Régie administers the Act respecting the Québec Pension Plan (R.S.Q., c. R-9) as well as the Supplemental Pension Plans Act (R.S.Q., c. R-15.1) and the Act respecting supplemental pension plans (R.S.Q., c. R-17). The administration of the Act respecting family benefits (1997, chapter 57) also falls under its responsibility. In 1997, the Government entrusted the Régie with the implementation and administration of the parental insurance plan.

2. DESCRIPTION OF THE PROGRAMS ADMINISTERED BY THE RÉGIE

The following description is given as a matter of information. For more complete information concerning the programs, please consult the Act respecting the Québec Pension Plan.

I) QUÉBEC PENSION PLAN

The Act respecting the Québec Pension Plan entered into force on January 1, 1966. The Québec Pension Plan is a compulsory program designed to provide workers and their dependants with basic protection against loss of income due to retirement, disability or death.

Funding and Net Assets of the Québec Pension Plan Fund

The Québec Pension Plan is financed out of contributions shared equally between employees and employers. Self-employed workers must pay both contributions.

The net assets of the Québec Pension Plan fund represent the funds available for the payment of pensions and benefits, the reimbursement of social aid benefits and the Plan's administrative expenses. These net assets do not cover the actuarial present value of pensions and benefits accrued and payable. At March 31, 2001, the Régie's net assets were $17,4 billion (2000: $18.3 billion, 1999: $16.1 billion), or 2.9 times the amount of the pensions and benefits paid out in fiscal 2000-2001.

According to the last actuarial analysis, at December 31, 1997, based on the 2001 assessment rate of 8,6%, and the successive increases stipulated in the Act, of 0.8% and 0.5% to reach a permanent rate of 9.9% in 2003, the Plan will be able to pay pensions and benefits, the Plan's administrative expenses and reimburse the Ministère de l'Emploi et de la Solidarité sociale for social aid benefits owing throughout the projection period, i.e. until 2050. Since actuarial analyses are carried out every three years, the next one will report on the Plan's situation at December 31, 2000 and will be completed sometime in 2001.

Retirement Benefits

A pension is payable to all contributors aged 60 or over, subject to the provisions of the Act respecting the Québec Pension Plan. The monthly pension is equal to 25% of the average monthly pensionable earnings during the contributory period. It is increased or decreased by 1/2% per month of difference with the 65-year anniversary date, depending on whether the person applies for the pension before or after the age of 65. At March 31, 2001, the maximum monthly pension payable at the age of 65 was $775.00.

Surviving Spouse's Benefits

In the event of death, the surviving spouse is entitled to a pension determined according to the amount contributed to the Plan by the deceased during at least one-third of the contributory period (minimum of three years; maximum of ten years). The amount of this pension varies mainly according to the surviving spouse's age and the pensionable earnings and contributions of the deceased. At March 31, 2001, the maximum monthly pension payable to a surviving spouse was $690.22.

Disability Pension

A disability pension is payable to any disabled contributor subject to the provisions of the Act respecting the Québec Pension Plan. The amount of the pension varies according to the gains and contributions of the disabled person. At March 31, 2001, the maximum monthly pension payable to a disabled contributor was $935.09.

2. DESCRIPTION OF THE PROGRAMS ADMINISTERED BY THE RÉGIE (cont'd)

I) QUÉBEC PENSION PLAN (cont'd)

Benefits - Pensions Payable to the Children of Disabled Contributors and to Orphans

At March 31, 2001, the amount of monthly benefits payable to each dependent child or orphan of a disabled or deceased contributor was $56.65.

Death Benefits

Death benefits are payable first to the person who paid the funeral expenses, provided that person applies for the benefits within 60 days following the contributor's death. After 60 days, the benefit is payable to qualified applicants within the meaning of the Act respecting the Québec Pension Plan. The amount of this benefit was set at $2 500 in January 1998 pour for all contributors meeting Plan requirements.

Indexation of Benefits

Pensions are indexed annually to the average consumer price index for Canada. On January 1, 2001, the rate of indexation was 2.5%.

II) SUPPLEMENTAL PENSION PLANS ACT

Pursuant to the Supplemental Pension Plans Act and the Act respecting supplemental pension plans, the Régie is responsible for ensuring that pension plans are administered and operated according to these acts. Its mandate includes encouraging financial planning for retirement, in particular by promoting the establishment and improvement of supplemental pension plans. The monitoring fund is comprised of the fees paid into it by the supplemental pension plans.

III) FAMILY BENEFIT PROGRAM

The Régie administers the family benefits program under the Act respecting family benefits. The Régie deals with customer relations and issues payments to clients.

The family benefit is paid to people with dependent children under 18 years of age. The amount varies according to the type of family (single or two-parent), the number of eligible children and household income in the previous year. An allowance is also paid for eligible handicapped children. As at March 31, 2001, the amount of this allowance is $119.22 a month.

The allowance for newborn children provided for in the Family Allowances Act has been maintained for children born prior to October 1, 1997.

IV) PARENTAL INSURANCE PLAN

The parental insurance plan, which is not yet in force, falls under the Gouvernement du Québec's family policy. The purpose of this plan is to support parents caring for newborn or adopted children by facilitating access to maternity or parental leave and awarding more generous benefits.

3. ACCOUNTING POLICIES

The financial statements of the Régie were prepared by management on the modified accrual basis, which combines elements from both the accrual basis and the cash basis of accounting, as demonstrated by the accounting policies disclosed below. These statements include amounts based on best estimates and judgements.

Fixed Assets

Fixed assets are shown at acquisition cost. Computer systems development includes capitalized direct labour costs and other direct costs.

Fixed assets are depreciated according to the straight-line method over their estimated useful lives at the following rates:

3. ACCOUNTING POLICIES (cont'd)

Fixed Assets (cont'd)

Office furniture and equipment	20% and 33 1/3%
Data processing equipment and software	20% and 33 1/3%
Automotive equipment	33 1/3%
Computer	33 1/3%
Office automation equipment	20%
Computer systems development	20%

Leasehold improvements are amortized according to the straight-line method over the remaining term of the lease.

Administrative Expenses

Administrative expenses are recorded on the accrual basis.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Régie lacks sufficient information to apply the accounting procedure for defined benefit plans.

QUÉBEC PENSION PLAN FUND

Amounts Entrusted to the Caisse de dépôt et placement du Québec

Participation deposits are recorded at market value, which is established on the basis of the fair value of units, as determined by the Caisse de dépôt et placement du Québec.

Contributions to the Plan

Contributions to the Québec Pension Plan include contributions allocated during the year by the Ministère du Revenu du Québec. These amounts are provisional and are subject to audit and correction. Where applicable, corrections are entered as contributions for the year during which they are known.

Net Investment Income

Interest on pensions and benefits, paid in accordance with the Act respecting the Québec Pension Plan, is recorded upon payment.

Interest and penalties earned following the issuing of assessment notices are recorded when they are attributed by the Ministère du Revenu du Québec during the fiscal year. These amounts are provisional and remain open to correction. Where applicable, the adjustments are posted to the fiscal year in which they are known.

Other financial expenses and investment income are recorded on the accrual basis.

Pensions and Benefits Paid

Pensions and benefits are recorded upon payment.

Reimbursement of Social Aid Benefits

Reimbursement of social aid benefits is recorded on the accrual basis.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

3. ACCOUNTING POLICIES (cont'd)

OTHER FUNDS

Revenue

Revenue from fees and penalties paid to the supplemental pension plans monitoring fund is recorded when it is received. Other revenue is recorded on the accrual basis.

Revenue received for the administration of family assistance programs is recorded on the accrual basis.

Implementation Costs

The costs of implementing the family benefits program and the parental insurance plan include direct costs, interest and a share of general and administrative expenses. These costs are amortized on a straight-line basis over a period of five years, beginning on the same the date as the commencement of the corresponding program.

4. ADMINISTRATIVE EXPENSE-SHARING BETWEEN THE VARIOUS FUNDS ADMINISTERED BY THE RÉGIE DES RENTES DU QUÉBEC

Before 1998-1999, administrative expense-sharing between the various funds administered by the Régie des rentes was established using the marginal cost process.

This consists in distinguishing between the expenses the Régie would not have had to incur had it administered only the funds of the Québec Pension Plan Fund, and dividing these expenses between the funds it administers based on the efforts it foresees devoting to each.

As of 1998-1999, a new process for recording administrative expenses was implemented. It consists in posting to each fund administered by the Régie the direct expenses specific to it, and dividing the indirect expenses based on the effort the Régie foresees devoting to each fund.

5. EXPENSES RELATED TO CONTRIBUTION COLLECTION BY THE MINISTÈRE DU REVENU DU QUÉBEC

According to the Act respecting the Québec Pension Plan, the Ministère du Revenu du Québec is the agency mandated to collect the contributions to the Plan. In the context of this mandate, the Department invoices the Régie for administrative expenses and other expenses it incurs for accounts receivable. These expenses have been determined by Order-in-Council based on the expenses actually incurred by the Ministère du Revenu du Québec. This valuation of real cost will be updated for fiscal 2001-2002 and every five years thereafter, Between valuations, expenses will be indexed using different indices.

	2001	2000	1999
Administrative expenses	14 700	14 455	14 326
Interest paid by the Ministère du Revenu du Québec	9 473	8 719	8 316
Interest earned by the Ministère du Revenu du Québec when collection accounts receivable	(4 060)	(3 737)	(3 580)
Bad debts linked to contributions not collected	13 920	12 812	12 127
	34 033	32 249	31 189

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

6. NET INVESTMENT (LOSS) INCOME OF THE QUÉBEC PENSION PLAN FUND

	2001	2000	1999
Amounts deposited with the General Fund of the Caisse et placement du Québec			
Revenue from participation deposits	862 994	713 714	697 125
Interest on demand deposits	2 812	6 983	6 653
Interest on term deposits		4 491	
	865 806	725 188	703 778
Interest and penalty earnings on the issue of contribution notices	1 698	13 373	6 859
Interest earnings realized by the Ministère du Revenu du Québec on the collection of receivables (Note 5)	4 060	3 737	3 580
Interest on bank deposits	104	25	23
	871 668	742 323	714 240
Interest on borrowings	(56)	(476)	(158)
Interest on advances from the Caisse de dépôt et placement du Québec	(9 870)	(2 523)	(714)
Interest on pensions and benefits	(2 456)	(1 821)	(1 339)
Interest borne by the Ministère du Revenu du Québec (Note 5)	(9 473)	(8 719)	(8 316)
	849 813	728 784	703 713
Change in the market value of funds entrusted to the Caisse de dépôt et placement du Québec			
Change in the market value of participation deposits	(2 406 175)	1 085 815	(429 634)
Net gain on sale of investments	795 695	1 266 100	590 879
	(1 610 480)	2 351 915	161 245
	(760 667)	3 080 699	864 958

7. ADMINISTRATIVE EXPENSES OF THE QUÉBEC PENSION PLAN FUND

	2001	2000	1999
Salaries and fringe benefits	37 425	36 032	35 390
Transportation and communications	4 165	4 287	4 247
Professional services	4 809	3 725	4 988
Rent	4 061	3 680	3 695
Maintenance and repairs	1 376	1 178	992
Supplies	457	369	475
Equipment	91	89	89
Other expenses	578	467	424
Amounts carried forward	52 962	49 827	50 300

7. ADMINISTRATIVE EXPENSES OF THE QUÉBEC PENSION PLAN FUND

	2001	2000	1999
Amounts brought forward	52 962	49 827	50 300
Expenses related to collection of contributions by the Ministère du Revenu du Québec (Note 5)	14 700	14 455	14 326
Participation in the financing of the Tribunal administratif du Québec	1 181	1 060	1 269
Administration fees charged by the Société immobilière du Québec	70	68	219
Overpaid pensions and benefits	2 749	1 091	883
Bad debts	162	213	117
Depreciation of fixed assets	5 576	4 682	5 989
	77 400	71 396	73 103

In addition to these administrative expenses, during the fiscal year ending March 31, 2001, the Régie incurred expenditures totalling $2 050 000 for expenses generated by the program to bring families on-line. These amounts are reimbursed by the Gouvernement du Québec.

8. AMOUNTS FROM THE QUÉBEC PENSION PLAN FUND ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	2001	2000	1999
Deposits with the General Fund of the Caisse de dépôt et placement du Québec			
Participation deposits	17 762 322	18 301 375	16 153 807
Investment income receivable	98 754	482 228	63 985
	17 861 076	18 783 603	16 217 792

Participation deposits with the General Fund of the Caisse de dépôt et placement du Québec are expressed in units. Units may be refunded on advance notice in accordance with the terms of payment of the Caisse de dépôt at the fair value of the net equity of the General Fund at the end of each month. At March 31, 2001, the Régie owned 19 445 394 participation units (2000: 17 585 700; 1999: 16 521 214).

	2001	2000	1999
Cost of units	15 918 586	14 051 463	12 989 710

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

9. FIXED ASSETS

	2001			2000	1999
	Cost	Accumulated depreciation	Net	Net	Net
Québec Pension Plan fund					
Office furniture and equipment	5 275	3 978	1 297	1 365	534
Data procession equipment and software	13 605	10 880	2 725	2 419	2 216
Automotive equipment	55	55			8
Computer	2 766	1 993	773	256	92
Office automation equipment	11 781	8 344	3 437	3 530	3 755
Leasehold improvements	2 227	1 641	586	209	264
Computer systems development	44 671	34 337	10 334	10 046	7 638
	80 380	61 228	19 152	17 825	14 507
Supplemental pension plans monitoring fund					
Computer systems development	1 292	508	784	887	406
Fund for the administration of the Family Benefits Program					
Office furniture and equipment	55	46	9	19	31
Office automation equipment	174	139	35	69	105
Computer systems development	22 604	5 171	17 433	9 235	4 472
	22 833	5 356	17 477	9 323	4 608
Parental insurance plan fund					
Office furniture and equipment	46		46	46	46
Office automation equipment	50		50	50	50
Computer systems development	6 780		6 780	3 941	3 593
	6 876		6 876	4 037	3 689

Acquisitions for the year are:

	Acquisitions
Québec Pension Plan fund	7 768
Supplemental pension plans monitoring fund	136
Fund for the administration of the Family Benefits Program	9 843
Parental insurance plan fund	2 839

10. IMPLEMENTATION COSTS

	2001			2000	1999
	Cost	Accumulated depreciation	Net	Net	Net
Fund for the administration of the Family Benefits Program	941	674	267	455	643
Parental insurance plan fund	2 028		2 028	2 028	2 028

11. NOTES PAYABLE

Renewable borrowings on notes from the Financing Fund of the Gouvernement du Québec, 4.95%, maturing May 1, 2001. These borrowings were contracted for the implementation and development of systems related to the family benefits program and the parental insurance plan, with the Régie as the mandatory corporation.

To guarantee the payment of principal and interest, the Minister of State for Child and Family Welfare is authorized by the Government, after ensuring that the funds concerned cannot legally discharge their obligations, to pay the Régie the required sums.

Payments of principal for the fund for the administration of family assistance programs for the next five fiscal years are as follows:

2002	$2 674 969
2003	3 566 626
2004	3 566 626
2005	3 566 626
2006	3 566 626

No repayment terms have been fixed for the note payable contracted for the parental insurance plan, as the date of the plan's coming into force has not been determined. Payments will commence as of that date.

12. PENSION PLANS

The staff members of the Régie participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Régie's contributions charged to the year-end statement, based on the contribution rates set for regular service, amount to $1 398 380 (2000: $2 117 207, 1999: $2 055 231). The liability of the Régie towards these Government plans is restricted to its contributions as an employer.

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheets of the Québec Pension Plan fund, the supplemental pension plans monitoring fund, the fund for the administration of the family benefits program and the parental insurance plan fund of the Régie de rentes du Québec as at March 31, 2001, and the statement of changes in net assets of the Québec Pension Plan fund, the statement of revenue and expenditure and fund balance of the supplemental pension plans monitoring fund and the statement of revenue and expenditure of the fund for the administration of the family benefits program for the year then ended. These financial statements are the responsibility of the Régie's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present, in all material respects, the financial position of the Régie's funds as at March 31, 2001, and the changes in net assets of the Québec Pension Plan fund and the revenue and expenditure of the other funds for the year then ended in accordance with the accounting policies disclosed in Note 3. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these policies were applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, May 18, 2001

RÉGIE DU CINÉMA
(R.S.Q., c. C-18.1)

REVENUE AND EXPENDITURE AND SURPLUS
for the three-month period ended March 31, 2001

	2001 (3 months)
REVENUE	
Examination fees	
Film classification requests	$507 913
Licence applications	10 808
Licences	139 339
Monitoring of video material	1 719 006
Other	15 637
	2 392 703
EXPENDITURE	
Salaries and fringe benefits	648 836
Transportation and communications	38 179
Professional, administrative and other services	129 979
Rent	94 962
Maintenance and repairs	28 713
Materials and supplies	18 671
Depreciation of fixed assets	28 297
Other	308
	987 945
EXCESS OF REVENUE OVER EXPENDITURE AND SURPLUS, END OF YEAR	$1 404 758

RÉGIE DU CINÉMA

BALANCE SHEET
as at March 31, 2001

	2001
ASSETS	
Current assets	
Cash on hand	$1 845 440
Accounts receivable and accrued interest	60 997
Owed by the Gouvernement du Québec	269 690
	2 176 127
Owed by the Gouvernement du Québec	269 485
Fixed assets (Note 3)	328 907
	$2 774 519
LIABILITIES	
Current liabilities	
Accounts payable and accruals	$281 575
Provision pour vacation time	202 881
Owed to the Gouvernement du Québec	118 698
Revenues collected in advance	403 160
	1 006 314
Provision for sick leave (Note 5)	363 447
	1 369 761
SURPLUS	1 404 758
	$2 774 519

CONTINGENCIES (Note 6)

On behalf of the Régie,
Jeanne L. Blackburn
Jean-Pierre Gagnon

NOTES TO FINANCIAL STATEMENT
March 31, 2001

---

1. CONSTITUTION ET OBJET

The Régie du cinéma is a body established by the Cinema Act (R.S.Q., c. C-18.1). Its functions are:

- to classify films;
- to publish regularly, by such means as it considers appropriate, information on the films classified;
- to periodically hold consultations on the classification of films;
- to issue, renew, suspend or revoke exhibitors' or distributors' licences;
- to supervise and monitor the sale, leasing, lending or exchange of video material, and to issue filing certificates;
- to supervise the administration of the chapter on cinema control and supervision and the regulations made under it and to inquire into its operation and how it is being complied with.

The Act to amend the Cinema Act (2000, c. 21), assented to on June 16, 2000 and coming into effect on January 1, 2001, converted the Régie into an autonomous body subject to non-budgetary financing. Thus, the royalties and fees paid to the Régie and the other sums it collects by enforcing the Cinema Act belong to its revenues. The amounts received by the Régie must be used to pay for its obligations. The surplus, if applicable, is paid into the Consolidated Revenue Fund on the dates and to the extent determined by the government.

The Régie's assets and liabilities as at January 1, 2001 were established by the Ministère de la Culture et des Communications at the net book value and are as follows:

	2001
Assets	
Accounts receivable	$17 371
Investments	2 300
Fixed assets	351 360
	$371 031
Liabilities	
Accounts payable and accruals	$137 622
Revenues collected in advance	114 711
	$252 333

2. ACCOUNTING POLICIES

The financial statements of the Régie were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgments. The statement of cash flows is not shown as it would not provide any useful supplementary information regarding the Régie's cash flow during the year.

Fixed assets

Fixed assets are recorded at cost and amortized over their service life using the straight-line method:

Computer material and equipment	5 years and 10 years
Computer equipment	3 years and 5 years
Computer development	5 years

2. ACCOUNTING POLICIES (cont'd)

Pension plan

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Régie lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. FIXED ASSETS

	2001		
	Net	Accumulated depreciation	Net
Material and equipment	$14 777	$2 252	$12 525
Computer equipment	241 373	108 731	132 642
Computer development	212 008	28 268	183 740
	$468 158	$139 251	$328 907

4. RELATED PARTY TRANSACTIONS

The Régie has entered into an exchange of services agreement with the Ministère de la Culture et des Communications. Under this agreement, the Régie is mandated to inspect accredited bookstores in Québec and, in exchange, the Department agrees to provide the Régie with all services under its jurisdiction in the fields of human resource management. This exchange is not reflected in the financial statements.

In addition to the related party transactions disclosed in its financial statements, the Régie is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Régie did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

5. FUTURE FRINGE BENEFITS

Pension plans

The staff members of the Régie participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Régie's contributions charged to the three months ended March 31, 2001 amount to $16 859. The liability of the Commission towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

---

5. FUTURE FRINGE BENEFITS (cont'd)

Provision for sick leave

	2001
Balance as at January 1, 2001	$351 611
Expenditures for the years	40 462
Benefits paid during the year	(28 626)
Balance as at March 31, 2001	$363 447

6. CONTINGENCY

The Régie was sued for $940 000 in 1999. In management's opinion, it is impossible to forecast the outcome of this dispute.

7. COMPARATIVE FIGURES

Given the change in the Régie's articles during the year, the financial data for the previous fiscal year have not been presented.

RÉGIE DU CINÉMA

MANAGEMENT'S REPROT

The financial statements of the Régie du cinéma were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. Management carries out periodic audits to ensure that the Régie's internal monitoring is adequate, ongoing and applied uniformly.

The Régie recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Régie's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Jeanne L. Blackburn
President

Jean-Pierre Gagnon
Director, Administration

Montréal, June 8, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Régie du cinéma as at March 31, 2001, and the statements of revenue and expenditure and surplus flows for the three-month period then ended. These financial statements are the responsibility of the Régie's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Régie as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada.

Guy Breton, FCA
Auditor General of Québec

Québec, June 8, 2001

F-8

SIDBEC
(R.S.Q., c. E-14)

INCOME AND DEFICIT
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
REVENUE		
Interest	38	40
Adjustment of the selling price for the subsidiary sold in 1994 (recovery of dumping fee)	300	
	338	40
EXPENDITURE		
Interest on debts guaranteed by the shareholder	207	311
Administrative expenses	55	88
Amortization of financing costs	26	19
	288	418
NET GAIN (NET LOSS)	50	(378)
DEFICIT, BEGINNING OF YEAR	692 654	692 276
DEFICIT, END OF YEAR	(692 604)	692 654

The notes are an integral part of the financial statements.

CASH FLOWS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
OPERATING ACTIVITIES		
Net gain (Net loss)	50	(378)
Non-cash items		
Amortization of financing costs	26	19
Changes in assets and liabilities (Note 2)	(70)	(123)
Cash flows related to operating activities	6	(482)
FINANCING ACTIVITIES		
Deferred financing costs		(58)
Shareholder borrowing		24
Debts guaranteed by the shareholder		(2 012)
Shareholder contribution		2 190
Cash flows related to financing activities		144
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6	(338)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	595	933
CASH AND CASH EQUIVALENTS, END OF YEAR	601	595

CASH AND CASH EQUIVALENTS

	2000	1999
Cash on hand	37	30
Short-term investments	564	565
	601	595

The notes are an integral part of the financial statements.

SIDBEC

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Cash on hand	37	30
Short-term investments, at cost, 5% maturing in February 2001	564	565
Commodity taxes and interest accrued	6	21
Deferred financing costs (Note 3)	32	58
	639	674
LIABILITIES		
Accrued expenses	84	169
Debts guaranteed by the shareholders (Note 4)	5 075	5 075
	5 159	5 244
SHAREHOLDER'S EQUITY (NEGATIVE)		
Capital stocks (Note 5)	645 894	645 894
Contributed surplus	42 190	42 190
Deficit	(692 604)	(692 654)
	(4 520)	(4 570)
	639	674

The notes are an integral part of the financial statements.

On behalf of the Board of Directors,
Charles E. Beaulieu, Administrator
Robert Després, Administrator

NOTES TO FINANCIAL STATEMENTS
as at December 31, 2000
(in thousands of dollars)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Incorporated under the Companies Act (Québec) and governed in certain respects by a special act of the Province of Québec, Sidbec manages the assets and liabilities arising from the termination of operations in 1994. Sidbec is exempt from federal and provincial income tax.

2. CASH FLOW INFORMATION

Changes in assets and liabilities are as follows:

	2000	1999
Commodity taxes and interest accrued	15	(3)
Accrued interest	(85)	(120)
	(70)	(123)

Cash flows related to interest on operating activities are as follows:

	2000	1999
Interest paid	291	432

3. DEFERRED FINANCING COSTS

Deferred financing costs are amortized using the straight-line method over a three-year period, until April 2002.

4. DEBTS GUARANTEED BY THE SHAREHOLDER

The Gouvernement du Québec has guaranteed the payment of principal and interest on the following debts:

	2000	1999
Loans, 5.25%, maturing April 1, 2002	5 075	5 075

5. CAPITAL STOCK

	2000	1999
Authorized: 80 000 000 common shares with a par value of $10 each		
Issued and fully paid: 64 589 398 common shares	645 894	645 894

SIDBEC

AUDITORS' REPORT

To the Shareholder of Sidbec

We have audited the balance sheet of Sidbec as at December 31, 2000, and the statements of income and deficit and of cash flows for the year then ended. These financial statements are the responsibility of Sidbec's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Sidbec as at December 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada.

Raymond, Chabot, Grant, Thornton
Chartered Accountants

Montréal, February 23, 2001

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES
(R.S.Q., c. D-8)

OPERATING STATEMENT AND STATEMENT OF DEFICIT
for the year ended December 31, 2000

	2000	1999
Revenue (Note 3)		
Service delivery (Note 4)	$11 224 116	$11 936 385
Sales	4 925 807	2 475 969
Rent	1 840 748	1 865 539
Management income	1 300 470	1 292 649
Investment income	316 901	183 019
Other income	32 121	(98 393)
	19 640 163	17 655 168
Expenditures (Note 3)		
Services to entrepreneurs	9 178 489	8 874 928
Salaries and fringe benefits	3 077 116	2 898 308
Purchases	1 302 786	1 143 719
Maintenance and repairs	1 256 151	777 780
Electricity	641 397	653 604
Taxes, licences and permits	563 156	514 845
Rental costs	523 938	491 872
Loss in value of an investment	490 000	
Staff-related expenses	482 191	439 944
Office expenses	445 371	468 048
Roads equipment	407 802	453 829
Contribution to partners	380 000	
Amortization of fixed assets	340 626	300 883
Professional fees	247 227	233 537
Other expenditures	143 009	351 846
Interest and bank charges	237 428	116 849
Interest on long-term debt	56 819	38 238
	19 773 506	17 758 230
NET LOSS (Note 3)	(133 343)	(103 062)
OPENING DEFICIT	(61 227 733)	(61 124 671)
CLOSING DEFICIT	$(61 361 076)	$(61 227 733)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

BALANCE SHEET
as at December 31, 2000

	2000	1999
ASSETS		
Current assets		
Accounts receivable (Note 5)	$4 252 139	$3 267 901
Inventories (Note 6)	194 537	148 362
Prepaid expenses	12 067	47 247
	4 458 743	3 463 510
Investments (Note 7)	4 544 221	4 188 007
Fixed assets (Note 8)	2 234 634	2 039 466
	6 778 855	6 227 473
	$11 237 598	$9 690 983
LIABILITIES		
Current liabilities		
Bank overdraft	$309 825	$99 459
Short-term borrowings (Note 9)	2 525 000	2 512 000
Accounts payable and accruals	4 015 648	3 069 404
Holdbacks on contracts	145 701	135 353
Instalment on long-term debt (Note 10)	40 000	
	7 036 174	5 816 216
Long-term debt (Note 10)	760 000	800 000
	7 796 174	6 616 216
SHAREHOLDER'S EQUITY		
Capital stock (Note 11)	60 500 000	60 000 000
Contributed surplus	4 302 500	4 302 500
Deficit (Note 12)	(61 361 076)	(61 227 733)
	3 441 424	3 074 767
	$11 237 598	$9 690 983

CONTINGENCIES (Note 15)
COMMITMENTS (Note 16)
SUBSEQUENT EVENT (Note 17)

On behalf of the Board of Directors,
Michel Garon, Director
Jean-Claude Simard, Director

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

CASH FLOWS
for the year ended December 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Net loss	$(133 343)	$(103 062)
Items not affecting liquid assets:		
Depreciation of fixed assets	340 626	300 883
Loss in value of an investment	490 000	
Earning on disposition of fixed assets	(19 811)	(8 195)
Write-off of Gouvernement du Québec advances		12 707
Change in non-cash elements linked to operations (Note 13)	(38 641)	1 225 554
Cash flows linked to operating activities	638 831	1 427 887
INVESTMENT ACTIVITIES		
Acquisition of investments	(846 214)	(2 497 456)
Acquisition of fixed assets	(551 677)	(647 769)
Proceeds from disposition of fixed assets	33 109	39 740
Contribution to fixed assets – Hydro-Québec	2 585	102 994
Cash flows linked to investment activities	(1 362 197)	(3 002 491)
FINANCING ACTIVITIES		
Bank loan	13 000	1 976 000
Issue of common shares	500 000	
Loan repayment		(30 480)
Cash flows linked to financing activities	513 000	1 945 520
NET (DECREASE) INCREASE IN BANK OVERDRAFT	(210 366)	370 916
OPENING BANK OVERDRAFT	(99 459)	(470 375)
CLOSING BANK OVERDRAFT	$(309 825)	$(99 459)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

---

1. CONSTITUTION AND PURPOSE

The Société de développement de la Baie James (la Société) is a Government enterprise established under the James Bay Region Development Act (R.S.Q., c. D-8). All of its shares are held by the Gouvernement du Québec. The purpose of the Société is to promote, from a sustainable development viewpoint, the economic development, development and exploitation of natural resources, other than hydroelectric resources, of the territory. It may initiate, support and participate in projects targeting these goals.

2. ACCOUNTING POLICIES

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined according to the first in, first out (FIFO) method.

Investments

Investments are recorded at acquisition cost less the decline in value, if deemed permanent.

Fixed assets

Fixed assets are recorded at cost less contributions received from third parties and are depreciated over their estimated useful lives on a straight-line basis over the following terms:

Buildings and improvements to buildings owned or rental purposes	5, 10 and 20 years
Modular homes	10 years
Furniture, fixtures, equipment and infrastructures	5 years
Vehicles	3 years

3. NET LOSS BY ACTIVITIES

	Revenue	Expenses	Net gain (Loss)	Net gain (Loss)
Head office	$175 568	$1 152 317	$(976 749)	$(1 025 098)
Services	11 952 870	11 106 509	846 361	1 013 227
Development and investment	320 595	1 146 464	(825 869)	(417 131)
Real estate	1 456 424	1 438 172	18 252	44 013
Hotel and petroleum industry	3 499 111	2 969 158	529 953	440 426
Special	2 235 595	1 960 886	274 709	(158 499)
	$19 640 163	$19 773 506	$(133 343)	$(103 062)

3. NET LOSS BY ACTIVITIES (cont'd)

The Société records its revenue and expenditure by sector of activity, including the following:

Head office activities

- Management fees earned
- Interest earnings
- Interest expenses
- Expenses related to the Matagami, Chibougamau and Radisson offices
- Expenses related to administrative services, human resources and data processing
- Expenses related to the board of directors, the presidency and the corporate secretary's office
- Communication expenses

Service activities

- Management of transportation infrastructures

Development and investment activities

- Mining claims management
- Management and income investments
- Recovery of certain expenses
- Gain on loss on disposal of investments
- Gain or loss on disposal of fixed assets
- Economic development projects
- Expenses related to the economic development and investment
- Interest expenses related to investments

Real estate activities

- Building operations

Real estate, hotel and petroleum industry activities

- Management of Auberge Radisson
- Operation of km 381 rest stop

Special activities

- Operation of km 257 rest stop
- Airport Infrastructure Assistance Program

4. SERVICE DELIVERY

The Société provides infrastructure maintenance services to related parties as follows:

	2000	1999
Hydro-Québec	$9 324 721	$9 869 995
Ministère des Transports	1 899 395	2 066 390
	$11 224 116	$11 936 385

5. ACCOUNTS RECEIVABLE

	2000	1999
Accounts receivable		
Hydro-Québec	$2 285 251	$2 210 974
Ministère des Transports du Québec	469 108	390 892
Transport Canada – Airport Capital Assistance Program	256 162	
Other	1 125 950	497 712
	4 136 471	3 099 578
Allowance for doubtful accounts	4 495	10 366
	4 131 976	3 089 212
Sales tax	120 163	178 689
	$4 252 139	$3 267 901

6. INVENTORIES

	2000	1999
Petroleum products	$153 895	$109 934
Other	40 642	38 428
	$194 537	$148 362

7. INVESTMENTS

	2000	1999
Shares in public corporations		
2 215 430 Class "A" shares of Ressources MSV Inc., interest of 5 % (6.1% in 1999)	$553 863	$1 043 863
148 619 common shares of Arca Explorations Inc.	1	1
26 110 common shares of Les Ressources Campbell Inc.	15 786	15 786
94 231 common shares of Ressources Murgor Inc.	24 500	24 500
100 000 common shares of Ressources Unifiées Oasis Inc	5 000	5 000
206 666 common shares of Exploration Boréale Inc.	22 399	22 400
36 773 common shares of Technologies nStein	1	
	621 550	1 111 550
Advances to a private company		
10 000 common shares of Ressources Oxford Inc.	1	1
50 000 Class "A" of Exploration minière des Premières Nations Corp.	1	1
Other shares in private companies	625 000	
	625 002	2
Amounts brought forward	$1 246 552	$1 111 552

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000

---

7. INVESTMENTS (cont'd)

	2000	1999
Amounts carried forward	$1 246 552	$1 111 552
Loans and advances		
Advances to Ressources MSV Inc., 8% (Note 17)	2 554 060	2 509 105
Advances to a private company, 10%		375 053
Advances to private companies, 8%, without repayment terms	581 629	
Notes receivable from Hydro-Québec, interest-free, cashable in annual payments until 2008 (1)	146 808	163 120
Notes receivable from individuals, 5 %, cashable in monthly payments ending in 2004	15 172	29 177
	3 297 669	3 076 455
	$4 544 221	$4 188 007

(1) Following Transport Canada's refusal to assume the renovation costs incurred for the La Grande Rivière airport in 1997 and 1998 under an airport immovables assistance plan, the Société. Hydro-Québec reimbursed $52 280 in 1999 and committed to reimbursing $163 120 over a period not to exceed 10 years. This deficit will be paid from the operating budget for the La Grande Rivière airport. En 2000, Hydro-Québec paid $16 312.

The market value of shares in public corporations as at December 31, 1999 is as follows:

	2000	1999
Ressources MSV Inc.	$199 389	$509 549
Arca Explorations Inc.	77 282	23 779
Les Ressources Campbell Inc.	9 400	6 005
Ressources Murgor Inc.	13 192	8 481
Ressources Unifiées Oasis Inc.	2 000	2 000
Exploration Boréale Inc.	88 866	31 000
Technologies nStein	20 594	
	$410 723	$580 814

The Société holds a stock option for Ressources MSV Inc. on 628 571 shares for a purchase price of $0.35 per share expiring on October 4, 2003. The market value of Ressources MSV Inc. stock is $0.08 at December 31, 2000.

An Société officer was granted stock options for Ressources Campbell Inc. He declared these options to the Société and promised that any profit gained from them would be remitted to the Société. The options are as follows:

	Price per share	Date of maturity	Market value per share as at December, 31 2000
10 000 common shares	$14.80	August 2001	$0.36
20 000 common shares	4.40	August 2003	0.36
10 000 common shares	4.30	August 2004	0.36

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000

---

8. FIXED ASSETS

2000	Cost	Contributions [1]	Accumulated depreciation	Net
Land	$72 844			$72 844
Air terminal	6 595 574	$6 595 574		
Buildings and improvement to buildings owned for rental purposes	5 989 335	745 688	$3 955 534	1 288 113
Modular homes	1 440 972	639 554	372 162	429 256
Furniture and fixtures	2 012 550	641 237	1 266 776	104 537
Machinery and equipment	2 381 172	1 782 926	335 386	262 860
Vehicles	2 645 092	2 410 472	157 596	77 024
Infrastructures	91 000		91 000	
	$21 228 539	$12 815 451	$6 178 454	$2 234 634

1999	Cost	Contributions [1]	Accumulated depreciation	Net
Land	$72 844			$72 844
Air terminal	6 595 574	$6 595 574		
Buildings and improvement to buildings owned for rental purposes	5 832 516	745 688	$3 796 883	1 289 945
Modular homes	1 382 231	639 554	344 202	398 475
Furniture and fixtures	1 966 351	641 238	1 215 440	109 673
Machinery and equipment	2 199 514	1 780 342	306 596	112 576
Vehicles	2 419 868	2 205 916	157 999	55 953
Infrastructures	91 000		91 000	
	$20 559 898	$12 608 312	$5 912 120	$2 039 466

Under an agreement with the Société d'énergie de la Baie James (SEBJ), the Société has seen to the construction of infrastructures required by the SEBJ such as roads, bridges, airports and the Municipality of James Bay and Radisson city centres at a total cost of $407 778 198. Until December 31, 1985, the SEBJ assumed 98% of the net construction costs ($400 160 243) and 100% of the maintenance and operating costs. During the year ended December 31, 1985, a $7 526 955 decline in value was recorded to reflect the realizable value. The Société is the exclusive owner of these infrastructures but may not dispose of, transfer or convey them without the SEBJ's approval. Maintenance and operating expenses for the road linking Matagami to Radisson and Chisasibi, the Transtaïga Highway, the Némiscau road and the La Grande Rivière and Fontanges airports are assumed by Hydro-Québec and managed by a management committee composed of representatives of Hydro-Québec and the Société.

(1) The contributions received from the SEBJ, Hydro-Québec and the Municipality of James Bay for fixed assets are recorded by reducing the latter's cost. The Société also posted $3 136 598 received under a federal subsidy for the La Grande Rivière air terminal building, by reducing the cost incurred for it. During the year, the Société received $207 139 as contributions from the federal government (1999: ($102 190)).

9. SHORT-TERM BORROWINGS

The Société was granted a short-term loan from the Gouvernement du Québec's Financing Fund. This loan bears interest at a rate of 5.9% and comes due on February 16, 2001. At December 31, 2000, the balance was $2 525 000 (1999: $0).

The Société was also granted an authorized bank loan of $4 200 000. This loan bears interest at the prime rate is can be renegotiated on April 30, 2001. At December 31, 2000, the interest rate was 7.5% (1999: 6.5%), and the balance was $0 (1999: $2 512 000).

10. LONG-TERM DEBT

	2000	1999
Owed to the Financing Fund of the Gouvernement du Québec, 6.84%, repayable as of 2001 in annual instalments of $40 000 until 2006 when the balance is due	$800 000	$800 000
Payment due within a year	40 000	
	$760 000	$800 000

Instalments on the long-term debt over the five coming fiscal years amount to $40 000 every fiscal year from 2001 to 2005.

11. CAPITAL-ACTIONS

	2000	1999
Authorized: 10 000 000 common shares with a par value of $10 each		
Issued and paid up: 6 050 000 common shares	$60 500 000	$60 000 000

Société shares are part of the public domain and are assigned to the Minister of Finance.

During the year, the Société issued 50 000 common shares for $500 000 cash.

12. DEFICIT

The deficit of the Société as at December 31, 2000 is $61 361 076. This deficit is attributable primarily to the writing off and down of assets in the financial statements for the year ended December 31,1985.

Accumulated write-offs and write-downs in the financial statements amount to $68 909 534. The operating income of the Société since its inception is $7 548 458 (1999: $7 681 801).

13. FLUX DE TRÉSORERIE

The change in non-cash elements linked to operations is as follows:

	2000	1999
Change in accounts receivable	$(984 238)	$1 929 741
Increase in inventories	(46 175)	(24 678)
Decrease in prepaid expenses	35 180	183
Change in accounts payable and accruals	946 244	(268 381)
Change in withholdings on contracts	10 348	(411 311)
	$(38 641)	$1 225 554

The interest paid during the year ended December 31, 2000 totalled $277 527 (1999: $140 129).

14. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, which are measured at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

15. CONTINGENCIES

The Société, as a signatory of the James Bay and Northern Québec Agreement, the Société is a defendant in legal proceedings pertaining to the Agreement's application instituted by opponents calling for its annulment. The Société is also the target of certain legal proceedings jointly with Hydro-Québec, the Société d'énergie de la Baie James, the governments of Québec and Canada and a number of logging companies regarding damages suffered following the construction of the James Bay dams and/or related to logging in Québec's Far North. The administrators believe that these lawsuits are unfounded and, consequently, no provision has been posted to the books in this regard.

The Société owns land that requires decommissioning over the coming years. It is currently impossible for management to assess the costs and effects on the financial statements.

On February 26, 1993, Ressources MSV Inc. (MSV), the Société and Westminer Canada Ltd. (Westminer) signed a compensation agreement to indemnify Westminer against all future environmental claims related to a mine site. The future reclamation of the mine site was estimated in 1994 at $4 300 000 by a firm of engineering consultants and a fund was set up for this purpose. Westminer and MSV paid this amount. The amounts paid are held in trust and are not included in the financial statements. In 1999, a reassessment estimated site restoration costs to be $3 212 050. The total amount of restoration work done since the creation of the environment fund is $820 000. The value of the funds was $6 081 334 at December 31, 2000. Société management believes that the funds accumulated are sufficient to proceed with restoration work to come. This agreement also states that Société may have to contribute 50% to any deficit or benefit 50% from any surplus once the restoration has been done. MSV also agrees to pay the Société a royalty of $0.375/tonne or processed ore and an additional royalty of $0.25/tonne if the net value (NSR) per tonne is greater than $70.

The Société has signed two agreements with Transport Canada under the Airport Infrastructure Assistance Plan for a minimum of $3 136 598 for repairs to the La Grande Rivière airport. These agreements terminate in 2007 and 2010 and require the Société to commit to operating the said airport for two years. Should it fail to comply with this condition, it will have to repay an amount defined based on the remaining duration of the agreement.

---

16. COMMITMENTS

The Société is committed to a lease for office space expiring June 30, 2006, which calls for lease payments of $177 625, i.e. $35 525 by year.

During the year, the Société committed to investing $375 000 in the form of shares in a private company. The final investment will represent 50% of the capital stock issued by the Société. The agreement is subject to certain conditions. At December 31, 2000, $125 000 had already been paid.

Under an Order-in-Council of January 10, 1994, the Gouvernement du Québec transferred lands located in the James Bay territory to the Société. The conditions of this Order-in-Council require that, in the event of the subsequent sale of these lands, the profits be remitted to the Gouvernement du Québec.

17. SUBSEQUENT EVENT

Under an Order-in-Council of March 7, 2001, the Gouvernement du Québec authorizes the Société to acquire 28% of the voting capital stock issued by the Corporation Copper Rand (9090-6397 Québec inc.) for advance payments not to exceed $7 million. With regard to the new corporation, Copper Rand, an agreement between the different investors, including the MSV, states that advances by the Société to MSV to date will be transferred to this new corporation. At December 31, 2000, advances and the related interest totalled $2 554 060.

18. COMPARATIVE FIGURES

Certain 1999 figures have been reclassified to comply with the presentation adopted in 2000.

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

MANAGEMENTS' REPORT

Société de développement de la Baie James management is responsible for preparing and presenting the financial statements, including the estimates and important judgments. This responsibility includes choosing appropriate accounting policies that respect accounting principles that are generally accepted in Canada. It also involves guaranteeing that the financial information presented elsewhere in the annual report complies with that of the financial statements.

Management maintains a system of internal accounting controls and has implemented an internal auditing program. This enables it to provide reasonable assurance that assets are safeguarded and that the accounting records constitute an adequate basis for objective, reliable financial statements that accurately represent the Société's financial position and operations. The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The Board of Directors is responsible for examining and approving the financial statements and for overseeing the manner in which management fulfils its responsibilities regarding financial information.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as the his opinion. The Auditor General may, without restriction, meet with management to discuss any matter concerning his audit.

Jean-Claude Simard
President and Chief Executive Officer

Chibougamau, March 16, 2001

AUDITORS' REPORT

To the Minister of Finance

I have audited the balance sheet of the Société de développement de la Baie James as at December 31, 2000, and the statements of program cost and financing for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at December 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with accounting principles that are generally accepted in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that these principles were applied on a basis consistent with that of the preceding year.

The 1999 figures presented for comparison purposes were taken from financial statement audited by other auditors.

Guy Breton, FCA
Auditor General of Québec

Québec, March 16, 2001

SOCIÉTÉ DE DÉVELOPPEMENT DE LA ZONE DE COMMERCE INTERNATIONAL DE MONTRÉAL À MIRABEL (Note 1)

(R.S.Q., c. S-10.0001)

REVENUE AND EXPENDITURE AND SURPLUS

for the year ended March 31, 2001

	2001
REVENUS	
Operating subsidy from the Gouvernement du Québec	$5 000 000
Interest on revenue	238 507
	5 238 507
EXPENDITURE	
Operating and administrative expenses (Note 3)	657 496
Salaries and fringe benefits	510 605
Depreciation of fixed assets	62 593
	1 230 694
EXCESS OF REVENUE OVER EXPENDITURE AND EXCESS AT THE END	$4 007 813

SOCIÉTÉ DE DÉVELOPPEMENT DE LA ZONE DE COMMERCE INTERNATIONAL DE MONTRÉAL À MIRABEL

BALANCE SHEET
as at March 31, 2001

	2001
ASSETS	
Current assets	
Cash on hand	$437 143
Short-term investment (5.27%, at cost)	3 273 534
Interest accrued	25 073
Prepaid expenses	13 054
	3 748 804
Fixed assets (Note 4)	446 997
	$4 195 801
LIABILITIES	
Current liabilities	
Accounts payable and accruals	$125 216
Accounts payable and related accruals	62 772
	187 988
SURPLUS	4 007 813
	$4 195 801

COMMITMENT (Note 5)

On behalf of the Board of Directors,
Eric Huber Meunier
Jean Teasdale

SOCIÉTÉ DE DÉVELOPPEMENT DE LA ZONE DE COMMERCE INTERNATIONAL DE MONTRÉAL À MIRABEL

NOTES TO FINANCIAL STATEMENTS
as at March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Société de développement de la Zone de commerce international de Montréal à Mirabel is a legal body, an agent of the State, established under and governed by the Act respecting the Société de développement de la Zone de commerce international de Montréal à Mirabel (1999, c. 41).

Its purpose is to promote the development of Mirabel's airport and airport-related infrastructures by developing and operating the Montréal's international trading zone at Mirabel, in order to contribute to the economic growth of the Mirabel area, Greater Montréal and Québec as a whole.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in keeping with generally recognized Canadian accounting principles. These statements include amounts based on best judgments and estimates. The cash flow statement is not included since it does not provide additional information that is useful for understanding cash flows during the year.

Fixed assets

Fixed assets are recorded at cost and amortized over their service life according to the straight-line method using the following rates:

Data processing equipment, computer equipment and development	33 1/3%
Office furniture and equipment	20%
Leasehold improvements	20%

3. OPERATING AND ADMINISTRATIVE EXPENSES

	2001
Rent	$33 235
Travelling, representation, advertising and promotion	301 055
Professional fees	269 667
Office expenses and administrative expenses	53 539
	$657 496

4. FIXED ASSETS

	2001		
	Cost	Accumulated depreciation	Net value
Computer software, equipment and development	$54 140	$3 514	$50 626
Office furniture and equipment	35 615	10 098	25 517
Leasehold improvements	419 835	48 981	370 854
	$509 590	$62 593	$446 997

5. COMMITMENT

The Société is committed under a lease with the Société immobilière du Québec ending in August 2005 for administrative offices.

Minimum future payments are as follows:

2002	$51 958
2003	51 958
2004	51 958
2005	51 958
2006	21 651
	$229 483

6. RELATED PARTY TRANSACTIONS

The Société received employee loans from government agencies. The fair value of these services, received free of charge ($88 053) and assumed by the Société, represents $69 699.

In addition to the related party transactions disclosed in its financial statements, measured at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT DE LA ZONE DE COMMERCE INTERNATIONAL DE MONTRÉAL À MIRABEL

MANAGEMENT'S REPORT

The financial statements of the Société de développement de la Zone de commerce international de Montréal à Mirabel were drawn up by management, which its responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies du Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Daniel Laplante
Secretary of the Société and First Director of
Administration and Business Services

Jean Teasdale
Director General

Mirabel, June 21, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société de développement de la Zone de commerce international de Montréal à Mirabel as at March 31, 2001 and the statement of revenue and expenditure and surplus for the year the ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards du Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year the ended in accordance with the accounting policies du Canada.

Guy Breton, FCA
Auditor General of Québec

Québec, June 21, 2001

SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES
(R.S.Q., c. S-10.002)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000 (Note 3)
REVENUE		
Subsidies from the Gouvernement du Québec (Note 4)	$39 128 313	$41 039 762
Interest on investments and loans	2 723 679	2 343 943
Amounts recovered on investments and assistance repayable under financial assistance programs (Note 5)	734 189	542 176
Guarantee fees	734 615	1 063 604
Certification fees	1 204 146	1 092 244
Immovable cultural property		
Rent and other	1 260 392	1 063 544
Interest on short-term investments	51 932	11 976
Share in the results of a limited partnership	316 232	139 472
Other revenue	45 505	607 909
	46 199 003	47 904 630
EXPENDITURE		
Financial assistance programs (Note 6)		
Film and television productions	15 553 818	18 104 080
Support for cultural enterprises	15 296 984	14 677 240
International affairs	2 839 714	4 538 625
Allowance for bad debts and for losses (Note 7)	808 858	662 870
Administrative expenses (Note 8)	7 574 583	6 939 190
Interest on long-term advance from the Gouvernement du Québec	372 878	
Immovable cultural property		
Operating and administrative expenses (Note 9)	2 623 322	2 292 008
Interest on long-term debts	1 106 280	677 773
	46 176 437	47 891 786
EXCESS OF REVENUE OVER EXPENDITURE	22 566	12 844
SURPLUS, BEGINNING OF YEAR	21 206 607	21 193 763
SURPLUS, END OF YEAR	$21 229 173	$21 206 607

SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES

BALANCE SHEET
as at March 31, 2001

	2001	2000 (Note 3)
ASSETS		
Cash on hand	$279 407	$772 290
Term deposits (Note 10)	12 753 749	15 919 533
Loans and other financial assistance (Note 11)	18 647 944	15 246 826
Repayable assistance (note 6)	1 275 263	1 134 055
Accounts receivable and accrued interest	558 779	416 282
Gouvernement du Québec subsidies receivable	874 949	1 795 486
Prepaid expenses	668 794	307 772
Investment in limited partnerships (Note 12)	9 377 091	9 139 517
Fixed assets (Note 13)	16 470 813	16 601 821
	$60 906 789	$61 333 582
LIABILITIES		
Bank loan		$7 458 017
Accounts payable and accruals	$1 142 239	1 257 110
Interest accrued on long-term advance from the Gouvernement du Québec	372 878	
Accrued interest on long-term debts	388 649	338 886
Amounts payable under financial assistance programs	9 012 885	9 995 166
Cumulated provisions for losses on loan guarantees related to business financing (Note 7)	471 380	552 385
Deferred revenue (Note 14)	3 890 390	3 640 955
Long-term advance from the Gouvernement du Québec (Note 15)	9 000 000	9 000 000
Long-term debts (Note 16)	14 649 195	7 134 456
	38 927 616	39 376 975
EQUITY		
Contributed surplus (Note 17)	750 000	750 000
Surplus	21 229 173	21 206 607
	21 979 173	21 956 607
	$60 906 789	$61 333 582

COMMITMENTS (Note 21)
CONTINGENCIES (Note 22)

On behalf of the Board of Directors,
Pierre Lafleur
Antoine Del Busso

SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES

CASH FLOWS
for the year ended March 31, 2001

	2001	2000 (Note 3)
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$22 566	$12 844
Adjustments for:		
Allowance for bad debts and for losses	808 858	662 870
Provision for bad debts linked to repayable assistance	56 077	65 100
Bad debts related to interim financing of tax credits	862	263 347
Depreciation of fixed assets	1 041 883	657 902
Loss on disposal of fixed assets		21 759
Share in the results of a limited partnership	(316 232)	(139 472)
	1 614 014	1 544 350
Change in non-cash items related to operating activities:		
Change in accounts receivable and accrued interest	(142 497)	138 987
Decrease in Gouvernement du Québec subsidies receivable	920 537	1 059 538
Increase in prepaid expenses	(361 022)	(38 243)
Decrease in accounts payable and costs incurred	(114 871)	(700 847)
Increase in accrued interest on long-term advance from the Gouvernement du Québec	372 878	
Change in interest accrued on the long-term debt	49 763	(16 138)
Change in amounts to pay under financial assistance programs	(982 281)	783 261
Change in deferred revenue	248 573	(3 277 629)
	(8 920)	(2 051 071)
Cash flows (used for) provided by operating activities	1 605 094	(506 721)
INVESTMENT ACTIVITIES		
Loans and other financial assistance	(13 178 547)	(10 619 311)
Repayable assistance	(567 021)	(1 061 780)
Restoration – immovable cultural property	(119 575)	(3 964 144)
Acquisition of other fixed assets	(791 300)	(773 193)
Investment in limited partnerships	78 658	
Repayment of loans and other financing assistance	8 887 566	7 971 622
Recovery of repayable assistance	369 736	222 475
Cash flows used for investment activities	(5 320 483)	(8 224 331)
FINANCING ACTIVITIES		
Bank loan	(7 458 017)	4 502 017
Long-term debt	8 267 868	
Repayment of long-term debt	(753 129)	(339 736)
Cash flows provided by financing activities	56 722	4 162 281
INCREASE IN CASH AND CASH EQUIVALENTS	(3 658 667)	(4 568 771)
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	16 691 823	21 260 594
CASH AND CASH EQUIVALENT, END OF YEAR (Note 18)	$13 033 156	$16 691 823

SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Société de développement des entreprises culturelles (SODEC) is a legal person established and governed by the Act respecting the Société de développement des entreprises culturelles (R.S.Q., c. S-10.002). Its purpose is to promote and support, in all regions of Québec, the establishment and development of cultural enterprises, including the media, and to help improve the quality of goods and services and their competitiveness in Québec, the rest of Canada and abroad.

The Société is also responsible for recognizing works as Québec cinema in accordance with the standards set forth in Government regulations under the Cinema Act (R.S.Q., c. C-18.1).

The Société may also, with the Government's authorization, acquire, restore, renovate, manage or operate buildings.

The Société owns immovable cultural property acquired from the Minister of Transport on December 27, 1990 for $1. The buildings have been assessed by a company of certified appraisers who prepared an evaluation report establishing their current fair market value at $1.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with the generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The main accounting policies adopted for the preparation of these financial statements are summarized below.

Loans and other financial assistance

Loans and other financial assistance include investments made by the Société under its business financing programs. These investments can take the form of stock purchases, loans or debentures and are recorded at face value, plus interest accrued receivable, minus the cumulated provision for bad debts.

A loan or debenture is classified doubtful when the quality of the credit has deteriorated to the point that the Société is no longer reasonable certain of recovering all capital and interest. When a loan or debenture becomes doubtful, the recognition of interest income ceases and the Société reduces this participation by posting a cumulated provision for bad debts.

Cumulated provision for bad debts and losses

The cumulated provision for bad debts and losses is maintained at a level deemed adequate to absorb the bad debts and losses in the Société's portfolio. It is increased by the annual provision, which is posted to results, and reduced by the amount of the write-offs. The cumulated provision for bad debts and losses includes specific provisions and a general provision.

The specific provisions are established for each loan or debenture. The book value of a loan or debenture rolled back to its estimated realizable value by discounting projected future cash flows.

The general provision is established for loan guarantees related to business financing. The amount of the general provision is estimated based on past losses.

Repayable assistance and cumulated provision for bad debts

Repayable assistance is financial assistance linked to a predefined repayment obligation, of a minimum duration of two years and generally not exceeding five years. This assistance is recorded in the balance sheet at face value minus a cumulated provision for bad debts. This cumulated provision is established by examining the probability of recovering each case of repayable assistance based on past losses. The annual variation in the cumulated provision is posted to results as program expenditures.

2. ACCOUNTING POLICIES (cont'd)

Loan guarantees

Loan guarantees are shown as contingencies in the Société's financial statements.

Discharged guarantees are recorded when the Société has authorized the claim submitted by the lender, and the related assets are then entered in the Société's financial statements.

Investment in limited partnerships

The investment in a limited partnership as a limited partner is recorded at acquisition cost. When the investment suffers a lasting decline in value, the book value is reduced. This reduction is charged directly to the year-end statement.

Investment in a limited partnership subject to significant influence as a limited partner and general partner is recorded on an equity basis.

Fixed assets

Fixed assets are recorded at cost and amortized over their estimated service life using the straight-line method. The cost of restoration work includes materials and equipment, direct labour, indirect costs and interim financing costs during the work.

Restoration work	25 years
Major repairs	10 years
Office furniture	10 years
Equipment	5 years
Data processing equipment and software	from 4 to 7 years
Leasehold improvements	term of lease

Works of art and restoration work in progress are not depreciated.

Deferred subsidies

Specific subsidies received for financial assistance programs and for any other project are deferred and posted to results as revenues in conjunction with related commitments.

Financial assistance programs

Financial assistance awarded in the form of subsidies, investments and refundable aid, other than those related to a predefined repayment obligation, is posted to results as program expenditures. These costs are recorded in the fiscal year in which they are authorized and when the beneficiary has met the eligibility criteria.

When the terms and conditions governing the financial assistance are not respected, the project cancellation is recorded in the fiscal year during which the facts were disclosed.

Revenue

Recovery of investment and repayable assistance related to a predefined repayable obligation are posted to results when they are cashed or payable.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term investments maturing within three months of the date they were acquired.

2. ACCOUNTING POLICIES (cont'd)

Pension plan

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGE IN ACCOUNTING POLICY

The Société capitalizes financial assistance granted in the form of repayable assistance related to a predefined repayable obligation. Furthermore, recovery linked to this assistance is posted to reduce the balance of assistance repayable presented in the balance sheet. Previously, this assistance was posted to results as program expenditures and the recovery linked to it was posted to results as revenue.

This change, applied retroactively, increases (decreases) the following items of the financial statements:

	2001	2000
Revenue and expenditure		
Subsidies from the Gouvernement du Québec	$(141 208)	$(774 205)
Amounts recovered on investments and repayable assistance under financial assistance programs	(369 736)	(222 475)
Financial assistance programs		
Support for cultural enterprises	(226 459)	(661 760)
International affairs	(284 485)	(334 920)
Balance sheet		
Repayable assistance	1 275 263	1 134 055
Deferred revenue	1 275 263	1 134 055

4. SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC

	2001	2000
Subsidies granted		
Financial assistance programs:		
Film and television productions	$15 858 100	$15 858 100
Support of cultural enterprises	14 722 700	15 087 700
International affairs	3 100 000	3 335 000
Operations	2 679 260	2 712 600
Immovable cultural property:		
Operations	1 105 300	1 030 100
Instalments on long-term debts	1 859 410	1 017 509
Amounts carried forward	$39 324 770	$39 041 009

4. SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC (cont'd)

	2001	2000
Amounts brought forward	$39 324 770	$39 041 009
Deferred subsidies at the beginning		
Film and television productions	1 270 720	3 427 347
Support of cultural enterprises	925 268	548 694
International affairs	400 000	750 000
Immovable cultural property		
Operations	131 300	
	2 727 288	4 726 041
Deferred subsidies at the end		
Film and television productions	(1 575 003)	(1 270 720)
Support of cultural enterprises	(617 442)	(925 268)
International affairs	(400 000)	(400 000)
Immovable cultural property		
Operations	(331 300)	(131 300)
	(2 923 745)	(2 727 288)
	$39 128 313	$41 039 762

5. AMOUNTS RECOVERED ON INVESTMENTS AND REPAYABLE ASSISTANCE UNDER FINANCIAL ASSISTANCE PROGRAMS

	2001			2000
	Investments	Repayable assistance	Total	Total
Film and television productions	$206 696	$226 126	$432 822	$267 346
Support of cultural enterprises		157 633	157 633	60 737
International affairs		143 734	143 734	214 093
	$206 696	$527 493	$734 189	$542 176

6. FINANCIAL ASSISTANCE PROGRAMS

	2001				2000
Expenditure	Film and television productions	Support of cultural enterprises	International affairs	Total	Total
Investments	$13 977 451			$13 977 451	$15 819 457
Subsidies	1 778 562	$15 190 844	$1 965 647	18 935 053	17 711 481
Repayable assistance unrelated to predefined repayment obligations	337 803	174 000	687 455	1 199 258	2 385 402
Provision for bad debts		25 162	30 915	56 077	65 100
Cancellations and amounts recovered	(782 913)	(184 425)		(967 338)	(827 948)
International event					1 196 863
Other	242 915	91 403	155 697	490 015	969 590
	$15 553 818	$15 296 984	$2 839 714	$33 690 516	$37 319 945

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

6. FINANCIAL ASSISTANCE PROGRAMS (cont'd)

	2001				2000
Assets	Film and television productions	Support of cultural enterprises	International affairs	Total	Total
Opening balance		$797 585	$500 485	$1 298 070	$458 765
Repayable assistance related to predefined repayment obligations granted in the year		251 621	315 400	567 021	1 061 780
Amounts recovered		(121 929)	(247 807)	(369 736)	(222 475)
		927 277	568 078	1 495 355	1 298 070
Cumulated provision for bad debts		(77 562)	(142 530)	(220 092)	(164 015)
Closing balance		$849 715	$425 548	$1 275 263	$1 134 055

7. ALLOWANCE FOR BAD DEBTS AND FOR LOSSES

	2001	2000
Opening balance	$3 814 766	$4 488 706
Write-offs during the year		
Loans and debentures granted by the Société	438 109	689 073
Loans resulting from the fulfilment of loan guarantees related to business financing	242 484	647 737
	680 593	1 336 810
Allowance for the year		
Loans and debentures granted by the Société	663 917	618 022
Loans resulting from the fulfilment of loan guarantees related to business financing	225 946	41 038
Loan guarantees related to business financing	(81 005)	3 810
	808 858	662 870
Closing balance	$3 943 031	$3 814 766

The accumulated allowance for bad debts and for losses breaks down as follows:

	2001	2000
Loans and debenture granted by the Société (Note 11)	$2 911 456	$2 685 648
Loans resulting from the fulfilment of loan guarantees related to business financing (Note 11)	560 195	576 733
	3 471 651	3 262 381
Loan guarantees related to business financing	471 380	552 385
	$3 943 031	$3 814 766

8. ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and fringe benefits	$5 961 151	$5 170 610
Professional fees	119 834	210 977
Travelling, representation and conventions	200 169	126 024
Rent	415 801	372 823
Taxes and insurance	30 411	27 564
Stationery and office expenses	348 332	347 816
Advertising and promotion	154 526	100 366
Bad debts related to interim financing of tax credits	862	263 347
Loss on disposal of fixed assets		21 759
Depreciation of fixed assets	268 192	223 811
Other expenses	75 305	74 093
	$7 574 583	$6 939 190

9. OPERATING AND ADMINISTRATIVE EXPENSES – IMMOVABLE CULTURAL PROPERTY

	2001	2000
Salaries and fringe benefits	$428 794	$383 644
Professional fees	52 553	53 926
Travelling, representation and conventions	17 097	12 194
Taxes	333 533	513 531
Insurance	96 435	58 326
Electricity and heating	235 804	219 929
Maintenance and repairs	626 357	556 733
Stationery and office expenses	48 992	46 995
Depreciation of fixed assets	773 691	434 091
Other expenses	10 066	12 639
	$2 623 322	$2 292 008

10. TERM DEPOSITS

Term deposits comprise bankers' acceptances. They are recorded at cost and bear interest at rates varying from 4.85% to 5.45%.

11. LOANS AND OTHER FINANCIAL ASSISTANCE

	2001			2000
	Amount	Allowance for losses (Note 7)	Net amount	Net amount
Common shares with voting rights	$450 000		$450 000	$450 000
Common, participating shares with no voting rights	390 000		390 000	390 000
Loans and debentures	17 810 881	$1 373 637	16 437 244	13 361 952
Doubtful loans and debentures				
Loans and debentures granted by the Société	2 761 069	1 537 819	1 223 250	880 345
Loans resulting from the fulfilment of Guarantees related to business	707 645	560 195	147 450	164 529
	$22 119 595	$3 471 651	$18 647 944	$15 246 826

---

11. LOANS AND OTHER FINANCIAL ASSISTANCE (cont'd)

All loans awarded by the Société bear interest at a fluctuating rate. The interest rate in effect for loans at March 31, 2001, calculated using a weighted average, is 9.22%, i.e. the prime rate plus 1.97%. One debenture bears interest at an annual rate of 12%, while the other will bear interest at the prime rate as of May 2003.

These loans and debentures, apart from doubtful loans and debentures, mature during fiscal years ending March 31:

2002	$6 903 002
2003	702 050
2004	1 492 887
2005	2 146 152
2006	616 567
2007 to 2016	1 773 555
	$13 634 213

12. INVESTMENT IN LIMITED PARTNERSHIPS

	2001	2000
Participation, at cost, as a sponsor in a limited partnership Whose activity is to invest in undertakings working in the field of culture	$5 000 000	$5 000 000
Participation, at consolidation value, as a sponsor and sponsored party in a limited partnership whose activity is to offer cultural undertakings specialized financing tools	4 139 517	4 000 045
	$9 139 517	$9 000 045

13. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net amount	Net amount
Restoration work	$15 568 400	$1 595 389	$13 973 011	$4 850 000
Major repairs	2 308 197	864 710	1 443 487	1 174 249
Office furniture	441 476	152 923	288 553	267 053
Equipment	214 129	119 868	94 261	96 663
Data processing equipment and software	1 150 971	762 395	388 576	449 240
Leasehold improvements	256 215	43 146	213 069	133 129
Work of art	48 798		48 798	48 798
Restoration work in progress	21 058		21 058	9 582 689
	$20 009 244	$3 538 431	$16 470 813	$16 601 821

14. DEFERRED REVENUE

	2001	2000
Interim financing of tax credits		
Opening balance	$535 786	$1 448 332
Net amount of (disbursements) receipts on files in default	(124 593)	(951 028)
Excess of fee earnings over operating expenses	128 084	38 482
Closing balance	539 277	535 786
Deferred subsidies (Note 4)	2 923 745	2 727 288
Other deferred revenue	427 368	377 881
	$3 890 390	$3 640 955

15. LONG-TERM ADVANCES FROM THE GOUVERNEMENT DU QUÉBEC

	2001	2000
Advance from the Gouvernement du Québec, bearing interest at the rate of return on the investment in the limited partnership less the equivalent of 35% of this return, payable when the limited partnership winds up or no later than December 31, 2006	$5 000 000	$5 000 000
Advance from the Gouvernement du Québec, bearing interest at the rate of return on the investment in the limited partnership up to an annual maximum equal to the prime rate, payable when the limited partnership winds up or no later than December 31, 2011	4 000 000	4 000 000
	$9 000 000	$9 000 000

16. LONG-TERM DEBTS

	2001	2000
Borrowing on a note from the Financing Fund of the Gouvernement du Québec, 9.5%, repayable in annual instalments of $339 736, until April 1, 2004 and a final instalment of $5 435 776 on April 1, 2005 whose payment (capital and interest) is guaranteed by the Gouvernement du Québec	$6 794 720	$7 134 456
Borrowing on a note from the Financing Fund of the Gouvernement du Québec, 6.77%, repayable in annual instalments of $413 393 until February 16, 2005 and a final instalment of $6 200 901 on February 16, 2006 whose payment (capital and interest) is guaranteed by a movable hypothec without delivery on the amount of the subsidy foreseen by the repayment of this loan	7 854 475	
	$14 649 195	$7 134 456

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

16. LONG-TERM DEBTS (cont'd)

The amounts of capital instalments to pay on long-tem debts over the next five fiscal years is as follows:

2002	$753 129
2003	753 129
2004	753 129
2005	753 129
2006	11 636 679
	$14 649 195

17. CONTRIBUTED SURPLUS

In 1998-1999, the Gouvernement du Québec paid the Société $750 000 for awarding a loan for a specific project under the company financing program.

18. CASH FLOWS

The cash and cash equivalents shown in the cash flow statement include the following amounts recorded in the balance sheet:

	2001	2000
Cash on hand	$279 407	$772 290
Temporary investments	12 753 749	15 919 533
	$13 033 156	$16 691 823

Interest paid by the Société during the fiscal year totals $1 056 517 (2000: $693 911).

19. FUTURE FRINGE BENEFITS

Pension plan

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $152 873 (2000: $234 748). The liability of the Société towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 7.95% of the pensionable earning for bargainable employees (6.35% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 5.35% of the pensionable earnings for bargainable employees (1.0% for participants subject to management exclusion).

Provision for sick leave and vacation time

	2001			2000
	Sick leave	Vacation time	Total	Total
Opening balance	$102 174	$355 136	$457 310	$360 572
Charges for the year	171 331	446 444	617 775	381 053
Benefits paid during the year	(153 475)	(299 286)	(452 761)	(284 314)
Closing balance	$120 030	$502 294	$622 324	$457 311

---

20. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not conclude any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

21. COMMITMENTS

a) The unpaid balance on commitments for loans as at March 31, 2001, amounts to $7.6 million (2000: $6.1 million).

b) The minimum commitments under an operating lease for Société offices are as follows:

2002	$465 265
2003	485 559
2004	485 559
2005	485 559
2006	485 559
2007 – 2010	1 820 846
	$4 228 347

22. CONTINGENCIES

a) The Société guarantees the repayment of loans or debts contracted by firms from financial institutions for business financing and for the interim financing of tax credits. The maximum amounts guaranteed are as follows:

	2001	2000
Business financing *	$13 882 990	$15 756 907
Interim financing of refundable tax credits for Québec films and television productions and multimedia productions **	30 463 922	30 785 832
	$44 346 912	$46 542 739

* The accumulated allowance for losses on these loan guarantees is discussed in Note 7 of the financial statements.

** Contingent losses on guarantees granted under this program, estimated at $83 471, will be repaid by the Gouvernement du Québec.

b) Various judicial and extrajudicial proceedings instituted by or against the Société are presently under way. According to the Société, the outcome of these cases will have no significant impact on its financial position or on the results of its operations.

23. COMPARATIVE FIGURES

Certain figures for the previous fiscal year were reclassified to comply with the presentation adopted for fiscal 2001.

MANAGEMENT'S REPORT

The financial statements of the Société de développement des entreprises culturelles du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted auditing principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Pierre Lafleur
President

Gilles Corbeil
Secretary General

Québec, June 18, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société de développement des entreprises culturelles as at March 31, 2001, and the statements of revenue and expenditure, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in the accounting treatment of financial assistance granted in the form of repayable assistance disclosed in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 18, 2001

SOCIÉTÉ DE FINANCEMENT AGRICOLE
(R.S.Q., c. S-11.0101)

REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	2001	2000 (Note 3)
EXPENDITURE		
Financial assistance (Note 4)	$26 442 675	$21 389 373
Administrative expenses (Note 5)	21 357 069	21 173 478
Interest on borrowings (Note 6)	1 668 719	1 641 193
Net loss on sale of assets acquired through borrowers' defaulting on loans contracted prior to August 1, 1978 (Note 6)	1 779	21 093
	49 470 242	44 225 137
REVENUE (Note 6)		
Interest on loans	1 546 145	1 817 747
Duties and fees	1 177 233	1 111 134
Interest on bank deposits	18 088	12 443
Recovered expenses	30 770	82 315
	2 772 236	3 023 639
EXCESS OF EXPENDITURE OVER REVENUE ASSUMED BY THE GOUVERNEMENT DU QUÉBEC	$46 698 006	$41 201 498

SOCIÉTÉ DE FINANCEMENT AGRICOLE

BALANCE SHEET
as at March 31, 2001

	2001	2000 (Note 3)
ASSETS		
Cash on hand	$443 538	$421 098
Accounts receivable	79 305	66 508
Interest accrued and outstanding on loans	431 543	475 108
Interest prepaid on borrowings	45 870	56 779
Instalments receivable on loans (Note 7)	2 522 122	2 785 567
Fixed assets (Note 8)	2 995 280	2 937 390
Receivable from the Gouvernement du Québec (Note 9)	20 758 409	9 693 939
Loans (Note 7)	24 043 373	28 438 013
	$51 319 440	$44 874 402
LIABILITIES		
Deposits by borrowers	$6 476	$7 450
Interest accrued and payable on borrowings	31 162	15 821
Remuneration payable		314 300
Contribution to payment of interest accrued and outstanding	5 823 421	5 408 191
Capital subsidy payable	7 145 892	3 971 448
Owed to the Gouvernement du Québec (Note 10)	828 113	919 802
Deferred government assistance	2 995 280	2 937 390
Provision for sick leave and vacation time (Note 11)	7 789 096	
Long-term debt (Note 12)	26 700 000	31 300 000
	$51 319 440	$44 874 402

COMMITMENTS (Note 16)

On behalf of the Board of Directors,
Laurent Pellerin
André Dicaire

SOCIÉTÉ DE FINANCEMENT AGRICOLE

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Société de financement agricole is governed by the Act respecting the Société de financement agricole (R.S.Q., c. S-11.0101). Its purpose is to foster the economic development of the Québec biofood sector by making financing more accessible to primary level agricultural enterprises. The Société also discharges any other function assigned to it by any act and is responsible for the management and delivery of any program entrusted to it by order of the Government for the purposes determined by the Government.

The financial statements of the Société show its operations related to farm financing and forestry financing. The farm-financing program is aimed at promoting the profitability of farm operations by making adequate financing available. The forestry-financing program is designed to facilitate investment in the development and consolidation of private woodlots by making credit more readily available.

The Société administers the following acts and programs:

– Farm Financing

- Act respecting the Société de financement agricole
- Act respecting farm financing
- Farm Credit Act
- Act to promote long term farm credit by private institutions
- Act to promote farm improvement
- Act to promote credit to farm producers
- Farm Loan Act
- Act to promote the development of agricultural operations
- Arable land bank program

– Forestry Financing

- Forestry Credit Act
- Act to promote forest credit by private institutions.
- Forest Act.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The cash flow statement is not shown as it would not provide any useful supplementary information regarding the Société's cash flow during the year.

Fixed assets

Fixed assets are recorded at acquisition cost and amortized over their service life according to the straight-line method at the following rates:

Material and equipment	20% to 33.33%
Computer development	20%
Leasehold improvements	20%

Deferred government assistance

The amounts received from the Gouvernement du Québec for the acquisition of fixed assets are recorded as deferred government assistance and transferred to revenue at the same rate as the amortization of fixed assets that it finances.

2. ACCOUNTING POLICIES (cont'd)

Financial assistance

The contribution to interest payment and the capital subsidy are posted to expenditures for the fiscal year for which they were authorized and in which the beneficiary meet the eligibility criteria.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGE IN ACCOUNTING POLICIES

Financial assistance

As of this fiscal year, the capital subsidy included in the financial assistance is posted on an accrual basis whereas previously it was recorded on a cash basis. This change, applied retroactively, will increase the following items in the financial statements:

	2001	2000
Revenue and expenditure		
Financial assistance	$3 174 444	$1 073 289
Excess of expenditure over revenue assumed by the Gouvernement du Québec	3 174 444	1 073 289
Balance Sheet		
Receivable from the Gouvernement du Québec	7 145 892	3 971 448
Capital subsidy payable	7 145 892	3 971 448

Administrative expenses

As of this fiscal year, the cost of employer contributions to the Government and Public Employees Retirement Plan and the Civil Service Superannuation Plan and the cost of support services paid using the appropriations of various government departments and agencies are presented in the statement of revenue and expenditure whereas previously they were not reported. This change, applied retroactively, will increase the following items in the financial statements:

	2001	2000
Revenue and expenditure		
Administration	$607 365	$811 682
Excess of expenditure over revenue assumed by the Gouvernement du Québec	607 365	811 682

Fixed assets

As of this fiscal year, the Société capitalizes the fixed assets acquired whereas previously they were posted to administrative expenses. Moreover, the appropriations granted by the Gouvernement du Québec for the acquisition of fixed assets were recorded as deferred government assistance whereas previously they were posted in their entirety to statement of revenue and expenditure when they were acquired. This change, applied retroactively, will increases (decreases) the following items in the financial statements:

3. CHANGE IN ACCOUNTING POLICIES (cont'd)

Fixed assets (cont'd)

	2001	2000
Revenue and expenditure		
Administration	$(57 891)	$(109 371)
Excess of expenditure over revenue assumed by the Gouvernement du Québec	(57 891)	(109 371)
Balance sheet		
Fixed assets	2 995 280	2 937 390
Deferred government assistance	2 995 280	2 937 390

Provision for sick leave and vacation time

The liabilities resulting from vacation time accumulated by Société employees at year-end are recorded to liabilities under "Provision for sick leave and vacation time" on the balance sheet. This change, applied retroactively without adjusting the financial statements of previous years, will increase the following items in the financial statements:

	2001
Balance sheet	
Receivable from the Gouvernement du Québec	$7 789 096
Provision for sick leave and vacation time	7 789 096

4. FINANCIAL ASSISTANCE

	2001	2000
Farm Financing		
Contribution to payment of interest		
Act respecting the Société de financement agricole (R.S.Q. c. S-11.0101)	$6 531 858	$5 349 462
Act respecting farm financing (R.S.Q., c. F-1.2)	6 925 752	6 213 426
Act to promote long-term farm credit by private institutions (R.S.Q., c. C-75.1)	3 260 878	3 069 655
Farm Loan Act (R.S.Q., c. P-20)	141 034	201 189
Act to promote farm improvement (R.S.Q., c. A-18)	2 799	7 594
	16 862 321	14 841 326
Capital subsidy		
Act respecting the Société de financement agricole (R.S.Q. c. S-11.0101)	8 890 353	5 690 403
Amounts carried forward	$25 752 674	$20 531 729

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

4. FINANCIAL ASSISTANCE (cont'd)

	2001	2000
Farm Financing (cont'd)		
Amounts brought forward	$25 752 674	$20 531 729
Forestry Financing		
Contribution to payment of interest Act to promote forest credit by private institutions (R.S.Q., c. C-78.1)	690 001	857 644
	$26 442 675	$21 389 373

5. ADMINISTRATIVE EXPENSES

	2001			2000
	Farm	Forestry	Total	Total
Salaries and fringe benefits	$15 675 789	$899 060	$16 574 849	$16 771 571
Rent	1 659 351	36 305	1 695 656	1 683 527
Transportation and communications	951 013	54 326	1 005 339	1 000 757
Professional, administrative and other services	491 759	21 401	513 160	537 443
Material and supplies	463 315	51 575	514 890	301 449
Maintenance and repairs	54 969	3 344	58 313	85 185
Depreciation of fixed assets	951 183	43 679	994 862	793 546
	$20 247 379	$1 109 690	$21 357 069	$21 173 478

6. OTHER EXPENDITURE AND REVENUE

	2001			2000
	Farm	Forestry	Total	Total
Expenditure				
Interest on borrowings	$1 449 760	$218 959	$1 668 719	$1 641 193
Net loss on sale of assets acquired through borrowers' defaulting on loans contracted prior to August 1, 1978	1 779		1 779	21 093
Revenue				
Interest on loans	1 336 338	209 807	1 546 145	1 817 747
Duties and fees	1 144 633	32 600	1 177 233	1 111 134
Interest on bank deposits	14 289	3 799	18 088	12 443
Recovered expenses	30 566	204	30 770	82 315

7. LOANS

	2001			2000
	Farm	Forestry	Total	Total
Total loans	$23 194 481	$3 371 014	$26 565 495	$31 223 580
Instalments due within one year	2 087 266	434 856	2 522 122	2 785 567
	$21 107 215	$2 936 158	$24 043 373	$28 438 013

Loan amounts include principal payments totalling $141 803 (2000: $153 991) and $48 578 (2000: $49 217) due as at March 31, 2001 for farm financing and forestry financing, respectively. Farm and forestry loans bear interest at rates varying from 2.5% to 8%. The principal and interest on these loans are guaranteed by the Consolidated Revenue Fund of the Gouvernement du Québec or by the Fonds d'assurance-prêts agricoles et forestiers.

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Farm Financing				
Material and equipment	$1 634 348	$861 137	$773 211	$597 405
Computer development	3 480 453	1 476 795	2 003 658	2 104 320
Leasehold improvements	131 858	21 977	109 881	110 000
	5 246 659	2 359 909	2 886 750	2 811 725
Forestry Financing				
Material and equipment	133 589	60 938	72 651	72 564
Computer development	86 109	50 230	35 879	53 101
	219 698	111 168	108 530	125 665
	$5 466 357	$2 471 077	$2 995 280	$2 937 390

Acquisitions for the fiscal year total $1 052 752 (2000: $902 016). None were sold this fiscal year (2000: $14 660).

9. RECEIVABLE FROM THE GOUVERNEMENT DU QUÉBEC

	2001			2000
	Farm	Forestry	Total	Total
Remuneration				$314 300
Contribution to the payment of interest	$5 574 789	$248 632	$5 823 421	5 408 191
Capital subsidies payable	7 145 892		7 145 892	3 971 448
Provision for sick leave and vacation time	7 539 935	249 161	7 789 096	
	$20 260 616	$497 793	$20 758 409	$9 693 939

10. OWED TO THE GOUVERNEMENT DU QUÉBEC

Interest-free and without repayment terms

	2001			2000
	Farm	Forestry	Total	Total
Advance for working capital	$50 000	$50 000	$100 000	$100 000
Advance interest on borrowings	563 270	85 538	648 808	753 294
Recovered expenses to be remitted	47 250	22	47 272	21 995
Duties and fees	31 833	200	32 033	44 513
	$692 353	$135 760	$828 113	$919 802

11. PROVISION FOR SICK LEAVE AND VACATION TIME

The provision for sick leave and vacation time breaks down as follows:

2001		
Farm	Forestry	Total
$7 539 935	$249 161	$7 789 096

12. LONG-TERM DEBT

The principal outstanding on Société borrowings from financial institutions breaks down as follows:

2001			2000
Farm	Forestry	Total	Total
$23 309 000	$3 391 000	$26 700 000	$31 300 000

These borrowings are renewable on an annual basis, at the market rate in effect, and mature on various dates until March 31, 2002. No payments of principal are required during the coming fiscal years.

As at March 31, 2001, the Société had a loan of $8 100 000 (2000: $11 700 000) with the Financing Fund of the Gouvernement du Québec.

13. PENSION PLANS

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $587 365 (2000: $791 682). The liability of the Société towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

SOCIÉTÉ DE FINANCEMENT AGRICOLE

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

14. ADDITIONAL CASH FLOW INFORMATION

	2001			2000
	Farm	Forestry	Total	Total
Encashment of capital on loans	$3 933 454	$724 631	$4 658 085	$5 614 173
Encashment of interest on loans	1 390 747	217 051	1 607 798	1 951 046
Other encashments	3 446		3 446	23 610
Repayment of the long-term debt	3 870 000	730 000	4 600 000	4 900 000
Disbursement for interest on borrowings	1 440 330	202 139	1 642 469	1 671 276
Advance repayment of interest on loans				901 557
Other disbursements	4 420		4 420	90 822
Increase of cash	$12 897	$9 543	$22 440	$25 174

15. CONTINGENCIES

The Société is the defendant in lawsuits totalling $150 000. These lawsuits are contested by the Société and, when the financial statements were being prepared, it was impossible to predict the outcome. Consequently, no provision was recorded in the financial statements.

16. COMMITMENTS

The Société's commitments regarding the start-up, development and training assistance program in capital subsidies chargeable to the fiscal years ended March 31, 2002, 2003 and 2004 total $5 356 318. Granting of these subsidies, however, is conditional upon the appropriations granted by the National Assembly.

Commitments for the remainder of leases are $740 992.

17. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. The main operations between related agencies break down as follows:

Société immobilière du Québec	$1 637 819
Fonds de services gouvernementaux	710 014
Commission de la santé et de la sécurité du travail	83 412

18. SUBSEQUENT EVENT

Following a Cabinet decision, on April 17, 2001, La Financière agricole du Québec replaced the Société de financement agricole and the Régie des assurances agricoles du Québec, acquiring their rights and powers and taking on their obligations.

La Financière agricole du Québec, managed in partnership with the agricultural sector, will be responsible for continuing the programs and services offered by the Société de financement agricole and the Régie des assurances agricoles du Québec. The primary mission of this new corporation is to support and promote the development of Québec's agricultural and agrofood sectors from a sustainable development viewpoint.

SOCIÉTÉ DE FINANCEMENT AGRICOLE

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société de financement agricole as at March 31, 2001, and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the changes in accounting policies explained in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 24, 2001

SOCIÉTÉ DE LA FAUNE ET DES PARCS DU QUÉBEC
(R.S.Q., c. S-11.012)

REVENUE AND EXPENDITURE
for the year ended March, 31, 2001

	2001	2000
REVENUE		
Duties and permits	$27 397 352	$27 916 581
Fines and offences	625 243	553 031
Government of Canada contributions	539 673	231 000
Interest	96 343	103 785
Fees		1 532 941
Recovery– provision for losses on guaranteed financial interventions	1 168 841	
Other	31 021	203 460
	29 858 473	30 540 798
Gouvernement du Québec contributions (Note 4)	140 386 661	45 735 271
	$170 245 134	$76 276 069
EXPENDITURE		
Salaries and fringe benefits	$53 684 439	$50 610 641
Operating expenses (Note 5)	25 667 274	11 919 809
Financial assistance (Note 6)	61 348 384	6 973 020
Depreciation of fixed assets	7 062 151	6 772 599
Expenses – Wildlife and Parks portfolio	147 762 248	76 276 069
Administrative support and certain fringe benefits (Note 7)	22 482 886	
	$170 245 134	$76 276 069

SOCIÉTÉ DE LA FAUNE ET DES PARCS DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000 (Note 3)
ASSETS		
Current assets		
Temporary advance	$36 782	$40 926
Accounts receivable (Note 8)	5 259 453	3 380 607
Owed by the Gouvernement du Québec, interest-free, no terms and conditions of repayment	23 867 959	10 986 762
	29 164 194	14 408 295
Fixed assets (Note 9)	123 363 765	127 005 758
	$152 527 959	$141 414 053
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$7 049 730	$8 408 295
Provision for vacation time	4 918 926	
Provision for losses on guaranteed financial interventions (Note 10)	90 865	6 000 000
	12 059 521	14 408 295
Provision for sick leave	17 104 673	
Deferred Gouvernement du Québec contributions	123 363 765	127 005 758
	$152 527 959	$141 414 053

CONTINGENCIES (Note 12)
COMMITMENT (Note 13)

On behalf of the Board of Directors,
Bernard Lamarre, Administrator
Monique L. Bégin, Administrator

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Société de la faune et des parcs du Québec is a legal person and agent of the State. It was established on September 8, 1999 under the Act respecting the Société de la faune et des parcs du Québec, (R.S.Q., c. S-11.012). The activities linked to the wildlife and parks sector are funded from the budgetary appropriations linked to the wildlife and parks portfolio, which are used for the enforcement of the Act creating the Société.

The Société's mandate is, in a context of sustainable, harmonious development from a cultural, social, economic and regional viewpoint, to ensure wildlife and wildlife habitat conservation and development, along with development and management of parks for conservation, educational and recreational purposes.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The cash flow statement is not shown as it would not provide any useful supplementary information regarding the Société's cash flow during the year.

Financial assistance

Financial assistance is recorded to expenditure when it is authorized and if the beneficiary meets all of the eligibility criteria, where applicable.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

Fixed assets

Fixed assets are recorded at original cost and amortized over their service life using the straight line method and the following rates:

Buildings	
Administrative buildings	2.5%
Warehouses and garages	5%
Development	
Recreation infrastructure	10%
Resource development	20%
Operating infrastructures and networks	2.5%
Hardware and equipment	
Shipping	5%
Specialized equipment	10%
Rolling stock	20%
Office furniture and equipment	20%
Computer equipment	33 1/3%

Provision for losses on guaranteed financial interventions

Obligations resulting from borrowings and other guaranteed financial interventions are recorded to liabilities when loss is probable. The annual change in this provision is charged on the statement of revenue and expenditure.

2. ACCOUNTING POLICIES (cont'd)

Deferred Gouvernement du Québec contributions

Contributions received for the transfer and acquisition of amortizable fixed assets are deferred and recorded on the statement of revenue and expenditure at the same rate as the amortization for the fixed assets to which they are related.

3. CHANGE IN ACCOUNTING POLICY

As of the current fiscal year, the costs assumed by the Ministère de l'Environnement and the Conseil du trésor for administrative support and certain fringe benefits, as well as the corresponding Gouvernement du Québec contributions, are presented in the statement of revenue and expenditure whereas formerly they were not recorded.

The retroactive application of this change without adjustment of the financial statements increases the following items of the financial statements:

	2001
Revenue and expenditure	
Gouvernement du Québec contributions	$20 871 096
Administrative support and certain fringe benefits	20 871 096

The Société also adopted the policy for reporting on the obligations resulting from sick leave and vacation time accumulated by its employees. These obligations are recorded as liabilities under "Provision for vacation time" and "Provision for sick leave". Their annual variations, as well as the corresponding Gouvernement du Québec contribution, are recorded in the statement of revenue and expenditure. These revenues and expenditures were formerly posted to the fiscal in which the employees used their time.

The retroactive application of this change without adjustment of the financial statements increases the following items of the financial statements:

	2001
Revenue and expenditure	
Gouvernement du Québec contributions	$1 611 790
Administrative support and certain fringe benefits	1 611 790
Balance sheet	
Owed by the Gouvernement du Québec	22 023 599
Provision for vacation time	4 918 926
Provision for sick leave	17 104 673

4. CONTRIBUTIONS FROM THE GOUVERNEMENT DU QUÉBEC

	2001	2000
Expenses – Wildlife and Parks portfolio[1]	$147 762 248	$76 276 069
Expenses assumed for administrative support and certain fringe benefits	22 482 886	
Depreciation of fixed assets	(7 062 151)	(6 772 599)
	163 182 983	69 503 470
Revenue transferred from the Consolidated Revenue Fund	29 858 473	29 007 857
Accounts receivable – Société des établissements de plein air du Québec		1 532 941
	29 858 473	30 540 798
Net costs assumed by the Gouvernement du Québec from the Consolidated Revenue Fund	133 324 510	38 962 672
Transfer of deferred contributions	7 062 151	6 772 599
	$140 386 661	$45 735 271

(1) $7.2 M was allocated to a youth job creation program initiated in 2001 and repeated the following year.

5. OPERATING EXPENSES

	2001	2000
Supplies	$4 330 952	$3 217 376
Professional services	3 367 904	3 199 563
Management fees – Société des établissements de plein air du Québec	11 400 000	
Transportation and communications	2 943 410	1 728 810
Maintenance and repair	1 378 416	1 156 846
Rental	1 127 026	1 033 906
Dispute settlement		952 100
Hardware and equipment	266 778	314 984
Loss on disposal of fixed assets		171 156
Doubtful debts	668 977	81 928
Other	183 811	63 140
	$25 667 274	$11 919 809

6. FINANCIAL ASSISTANCE

	2001	2000
Société des établissements de plein air du Québec [1]	$43 276 676	$3 225 000
Administration régionale Kativik	4 546 064	
Fédération des pourvoyeurs du Québec Inc.	2 507 500	2 400
Fédération québécoise des gestionnaires de Zec	1 836 388	50 000
Fédération québécoise de la faune Inc.	1 582 000	8 000
Fédération québécoise pour le saumon Atlantique	1 077 000	42 500
Office du tourisme et des congrès de Gaspé	704 000	
Centre de plein air Harfang des Neiges inc.	687 391	
Fédération des groupements forestiers de la Gaspésie	529 980	
Fondation de la faune	423 500	935 000
Other (Amounts of assistance under $400.0 k)	4 177 885	2 710 120
	$61 348 384	$6 973 020

[1] In 2001, this subsidy included $16.3 M for improving infrastructures in the parks and an additional $27.0 M obtained during the year to enable SÉPAQ to repay borrowings contracted for operations and investments in the parks and reserves.

7. ADMINISTRATIVE SUPPORT AND CERTAIN FRINGE BENEFITS

The Ministère de l'Environnement provides the Société, without consideration, administrative support in human, financial, material and information resources under a service agreement between the two organizations. Furthermore, pension plan contributions and a portion of vacation time and sick leave expenses for Société employees (assumed by the Conseil du trésor) are not paid from the Wildlife and Parks portfolio.

8. ACCOUNTS RECEIVABLE

	2001	2000
Customers	$1 226 512	$1 847 666
Société des établissements de plein air du Québec	4 032 941	1 532 941
	$5 259 453	$3 380 607

9. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Land	$67 050 234		$67 050 234	$65 535 704
Buildings	27 601 577	$3 130 889	24 470 688	26 103 211
Development	19 710 436	5 998 143	13 712 293	17 138 736
Operating infrastructures and networks	12 335 318	1 063 236	11 272 082	11 599 278
Hardware and equipment	10 354 984	3 796 345	6 558 639	6 628 829
Systems development	299 829		299 829	
	$137 352 378	$13 988 613	$123 363 765	$127 005 758

During the fiscal year, disbursement related to the acquisition of fixed assets totalled $3 574 020 ($3 396 777 in 2000).

10. PROVISION FOR LOSSES ON GUARANTEED FINANCIAL INTERVENTIONS

The provision is linked to a loan guarantee for the management of Mont Orford.

11. PENSION PLANS

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Société's contributions charged to the year amount to $1 820 895 and are paid by the Conseil du trésor. The liability of the Public Curator towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

12. CONTINGENCIES

The Société is the defendant in various legal proceedings. The Société is contesting these lawsuits and, at the time the financial statements were prepared, it was impossible to foretell the outcome. Consequently, no provision was recorded in the financial statements.

13. COMMITMENT

As at March 31, 2001, the Société's commitments of defined duration are as follows:

2002	$3 940 002
2003	4 260 520
2004	1 418 966
2005	1 260 912
2006	1 271 598
2007 and thereafter	2 024 943
	$14 176 941

14. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

SOCIÉTÉ DE LA FAUNE ET DES PARCS DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Société de la faune et des parcs du Québec were drawn up by the management, who is responsible for their preparation and presentation, including estimations and important decisions. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société acknowledge responsibilities to ensure that the affairs compliance with the provisions of the Act and regulations apply for the purposes of the mandate.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. It is assisted by the audit committee which meets with management and the auditor, reviews the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Corporation's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Monique L. Bégin
President and Chief Executive Officer

Québec, August 17, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société de la faune et des parcs du Québec as at March 31, 2001, and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change to the expenses assumed and disclosed in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, August 17, 2001

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL
(R.S.Q., c. S-11.03)

RESULTS AND SURPLUS
for the year ended August 31

	2000	1999
REVENUE		
Subsidies from the Gouvernement du Québec (Note 3)	$25 015 922	$24 944 893
Auditorium rentals	1 767 366	2 135 569
Ancillary operations	1 852 384	2 083 205
Rental of office and commercial space	1 540 856	1 479 629
Royalties and ticket revenue	839 633	1 155 958
Sponsorships and publicity	915 818	934 681
Theatrical services	7 430	131 851
Financial revenue	117 924	150 127
Cultural events	17 834	17 666
Other revenue	500 776	610 523
	32 575 943	33 644 102
EXPENDITURE		
Salaries and fringe benefits	4 018 070	4 563 763
Building maintenance and repair	2 273 596	2 811 303
Electricity and heating	1 795 177	1 726 317
Equipment purchases, maintenance and repair	161 759	387 123
Professional services	156 310	162 779
Communications	708 691	756 877
Show operating costs	305 696	408 727
General administration	177 187	222 263
Insurance and taxes	7 219 570	7 202 032
Financial expenses	8 383 171	8 708 184
Depreciation of fixed assets	6 420 943	6 160 241
Other expenses	305 221	240 019
Cost of customers services	428 907	2 920 469
	32 354 298	36 270 097
Costs recovered from customers	(428 907)	(2 920 469)
	31 925 391	33 349 628
EXCESS OF REVENUE OVER EXPENDITURE	650 552	294 474
Surplus, end of year, payable to the Gouvernement du Québec (Note 4)		(294 474)
SURPLUS, END OF YEAR	$650 552	

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

BALANCE SHEET
as at August 31

	2000	1999
ASSETS		
Current assets		
Cash on hand	$1 548 619	$821 249
Short-term investment, at cost		1 000 000
Accounts receivable	3 933 308	599 431
Subsidies receivable from the Gouvernement du Québec (Note 5)	11 116 888	11 871 076
Bar inventory	25 281	39 001
Prepaid expenses	40 224	6 538
	16 664 320	14 337 295
Funds reserved for construction and retrofitting	306 851	60 612
Fixed assets (Note 7)	74 641 142	79 044 751
Subsidies receivable from the Gouvernement du Québec (Note 5)	88 782 490	92 817 825
Deferred discount and issue expenses on the long-term debt	347 849	399 338
	$180 742 652	$186 659 821
LIABILITIES		
Current liabilities		
Deposits – Rental and ticket sales	$823 934	$702 330
Accounts payable and accruals	1 205 137	1 858 474
Accrued interest	2 470 756	2 617 896
Provision for building repairs	3 187 068	
Owed to the Gouvernement du Québec (Note 4)		294 474
Instalments on the long-term debt (Note 8)	8 479 870	9 048 123
	16 166 765	14 521 297
Deferred premium and issue expenses on the long-term debt	169 170	314 176
Deferred subsidies from the Gouvernement du Québec (Note 9)	71 884 509	76 569 549
Long-term debt (Note 8)	84 262 914	87 646 057
	172 483 358	179 051 079
EQUITY		
Contributed surplus (Note 10)	7 608 742	7 608 742
Surplus	650 552	
	8 259 294	7 608 742
	$180 742 652	$186 659 821

COMMITMENTS (Note 14)
CONTINGENCIES (Note 15)

On behalf of the Board of Directors,
Alan B. Gold, Administrator
Louis Bernard, Administrator

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

CASH FLOWS
for the year ended August 31

	2000	1999
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$650 552	$294 474
Adjustments for:		
Depreciation of fixed assets	6 420 943	6 160 241
Amortization of deferred subsidies from the Gouvernement du Québec	(6 268 295)	(6 050 428)
Amortization of premium, discounts and commissions on long-term debt	(63 462)	(62 615)
	739 738	341 672
Deviation in non-cash elements of the Working Capital Fund:		
Deviation in debtors	(3 333 877)	212 856
Deviation in subsidies receivable from the Gouvernement du Québec	(9 295)	37 835
Deviation in bar inventory	13 720	(10 512)
Deviation in prepaid expenses	(33 686)	15 185
Change in rental deposits	121 604	(357 464)
Deviation in accounts payable and accruals	(743 848)	(1 352 208)
Decrease in accrued interest	(147 140)	(153 003)
Increase in the provision for building repairs	3 187 068	
	(945 454)	(1 607 311)
Cash flows used for operating activities	(205 716)	(1 265 639)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(2 017 334)	(2 657 399)
Cash flows used for investment activities	(2 017 334)	(2 657 399)
FINANCING ACTIVITIES		
Change in funds reserved for construction and retrofitting	(246 239)	761 221
Long-term debt	3 024 800	
Decrease of the long-term debt	(6 191 910)	(5 753 782)
Interim financing		2 145 317
Repayment of the interim financing	(628 897)	
Proceeds from sinking fund	95 230	72 717
Proceeds from Gouvernement du Québec subsidies	6 191 910	5 753 782
Repayment of the amount owing to the Gouvernement du Québec	(294 474)	(5 345)
Cash flows provided by financing activities	1 950 420	2 973 910
DECREASE IN CASH AND CASH EQUIVALENTS	(272 630)	(949 128)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	1 821 249	2 770 377
CASH AND CASH EQUIVALENTS ET THE END (Note 11)	$1 548 619	$1 821 249

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENT
August 31, 2000

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Société de la Place des Arts de Montréal was established under the Act respecting the Société de la Place des Arts de Montréal (R.S.Q., c. S-11.03). Its purpose is to operate an enterprise that disseminates the performing arts and administers the Place des Arts de Montréal or any other establishment entrusted to it by the Government.

Specifically, these activities are designed to procure a residence for major artistic organizations, promote access to various types of performing arts and foster Québec's artistic and cultural sector.

Under section 32 of its incorporating legislation, the Société finances its activities through the sums it receives and the appropriations granted annually for this purpose by the National Assembly. The Société keeps any surplus Société, unless the government decides otherwise.

2 ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgments.

Recognition of subsidies

Subsidies are recognized as products for the fiscal year in which the related charges were incurred.

Bar Inventory

Bar inventory is valued at the lower of cost and net realizable value. Cost is calculated according to the first in, first out (FIFO) method.

Fixed Assets

Fixed assets are valued at cost, which includes materials, direct labour, direct costs and financing costs during the work. Fixed assets are depreciated overt their useful life according to the straight-line method as follows:

Building	40 years
Building improvements and major repairs	10 years
Stage equipment and accessories	10 years
Office furniture and equipment	10 years
Other equipment	5 years
Computer hardware	3 years

Deferred Premium, Discount and Issue Expenses on the Long-Term Debt

Premium, discount and issue expenses on the long-term debt are deferred and amortized according to the straight-line method over the remaining term of the borrowings.

3. SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC

Subsidies from the Gouvernement du Québec break down as follows:

	2000	1999
Operations	$3 282 900	$3 108 500
Interest on bonds and borrowings on notes	8 391 488	8 701 572
Compensation in lieu of taxes	7 073 239	7 084 393
Amortization of deferred subsidies from the Gouvernement du Québec	6 268 295	6 050 428
	$25 015 922	$24 944 893

4. OWED TO THE GOUVERNEMENT DU QUÉBEC

	2000	1999
Opening balance	$294 474	$5 345
Surplus, end of year, payable to the Gouvernement du Québec	(294 474)	(5 345)
Excess of revenue over expenditure		294 474
Closing balance		$294 474

Following the amendment of section 32 of the act incorporating the Société, which came into effect on May 30, 2000, the Société is no longer obliged to annually pay the Gouvernement du Québec the surplus of proceeds over costs.

5. SUBSIDIES RECEIVABLE FROM THE GOUVERNEMENT DU QUÉBEC

Subsidies receivable from the Gouvernement du Québec presented as short-term correspond to the interest charged on the long-term debt and to reimbursement of capital on the long-term debt in the next fiscal year.

The long-term portion represents the Gouvernement du Québec's total commitments for immovables and their maintenance minus capital repayments on the long-term debt already made and to be made in the next fiscal year minus the sinking fund for the long-term debt of the current fiscal year.

6. LONG-TERM-DEBT SINKING FUND

Changes in Fund balance during the year

	2000	1999
Increase:		
Subsidy from the Gouvernement du Québec	$1 595 000	$1 512 000
Interest generated by the fund	94 964	79 260
	1 689 964	1 591 260
Decrease:		
Repayment of bonded debt	1 495 000	1 412 000
Net change during the year	194 964	179 260
Opening balance	1 733 096	1 553 836
Closing balance	$1 928 060	$1 733 096

The sinking fund balance breaks down as follows:

	2000	1999
Cash on hand	$360	$129
Short-term investments, at cost (interest rate of 5.74%)	1 910 000	1 715 000
Accrued interest receivable	17 700	17 967
	$1 928 060	$1 733 096

NOTES TO FINANCIAL STATEMENTS (cont'd)
August 31, 2000

---

7. FIXED ASSETS

	2000			1999
	Cost	Accumulated depreciation	Net	Net
Land	$7 608 742		$7 608 742	$7 608 742
Building	100 999 573	$45 815 872	55 183 701	57 712 610
Building improvements and major repairs	60 749 606	50 427 478	10 322 128	12 264 309
Stage equipment and accessories	1 935 719	1 098 947	836 772	949 621
Office furniture and equipment	45 685	8 919	36 766	27 199
Other equipment	709 837	300 110	409 727	251 938
Computer hardware	626 667	383 361	243 306	230 332
	$172 675 829	$98 034 687	$74 641 142	$79 044 751

8. LONG-TERM DEBT

	2000	1999
Bonds guaranteed by the Gouvernement du Québec:		
- 6.25% sinking fund bonds maturing June 1, 2006	$4 248 000	$4 823 000
- 5.75% sinking fund bonds maturing April 15, 2005	5 433 000	6 353 000
- 13.50% sinking fund bonds maturing November 6, 2000	4 000 000	4 000 000
- 12.20% and 12.25% series bonds maturing from 2000 to 2003 and in 2005	3 200 000	3 550 000
- 11.25%, maturing in 2008	1 500 000	1 500 000
	18 381 000	20 226 000
Less: sinking fund (Note 6)	1 928 060	1 733 096
	16 452 940	18 492 904
Borrowings on notes from the Financing Fund of the Gouvernement du Québec:		
- 10.25% (effective rate of 9.724%), repayable in annual principal instalments of $2 524 044 up to October 15, 2000 and one instalment of $40 384 704 on October 15, 2001	42 908 748	45 432 792
- 7.5% (effective rate of 7.667%), repayable in annual principal instalments of $880 048 up to December 1, 2002 and one instalment of $14 080 768 on December 1, 2003	16 720 912	17 600 960
- 7.05% (effective rate of 7.04%), repayable in annual principal instalments of $268 747 up to February 16, 1999		3 224 960
- 5.44% (effective rate of 5.592%), repayable in variable annual principal instalments up to February 26, 2002 and one instalment of $2 887 646 on February 26, 2003	3 850 195	4 331 469
- 5.44% (effective rate of 5.572%), repayable in annual principal instalments of $92 797 up to February 26, 2002 and one instalment of $1 020 771 on February 26, 2003	1 206 365	1 299 162
- 6.77% (effective rate of 6.902%), repayable in annual principal instalments of $202 667 up to February 16, 2005 and one instalment of $2 026 667 on February 16, 2006	3 040 000	
- 6.96% (effective rate of 6.972%), repayable in annual principal instalments of $270 100 up to February 16, 2005 and one instalment of $1 620 600 on February 16, 2006	2 971 100	
	70 697 320	71 889 343
Amounts carried forward	$87 150 260	$90 382 247

8. LONG-TERM DEBT (cont'd)

	2000	1999
Amounts brought forward	$87 150 260	$90 382 247
Other debts *		
Short-term borrowings from the Gouvernement du Québec's Financing Fund (interest rate 5.85%) **	4 789 660	5 418 557
Accounts payable and accruals	802 864	893 376
	5 592 524	6 311 933
	92 742 784	96 694 180
Payments due in the next fiscal year	8 479 870	9 048 123
	$84 262 914	$87 646 057

Payments on the principal of the long-term debt over the next five fiscal years under call features and amortization clauses for the bonded debt are as follows:

2001	$8 479 870
2002	44 385 591
2003	7 458 232
2004	16 429 535
2005	4 434 767

* Short-term borrowings from the Gouvernement du Québec's Financing Fund, amounts owing suppliers and costs incurred for immovables projects are considered a long-term debt, given that their reimbursement is expected to come from long-term financing.

** The Société borrows the amounts needed to pay its obligations for the cost of maintaining current assets from the Gouvernement du Québec's Financing Fund. The maximum amount of its borrowings is limited to the amounts accorded by Gouvernement du Québec decree. Borrowings are renewable for variable terms at the prime rate in effect when they are renewed.

9. DEFERRED GOUVERNEMENT DU QUÉBEC SUBSIDIES

	2000	1999
Opening balance	$76 569 549	$79 160 977
Gouvernement du Québec commitments regarding immovables and their maintenance	1 553 200	3 459 000
Premium on long-term debt issue	30 055	
Amortization of deferred subsidies	(6 268 295)	(6 050 428)
Closing balance	$71 884 509	$76 569 549

10. CONTRIBUTED SURPLUS

This item corresponds to property costs.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS (cont'd)
August 31, 2000

---

11. CASH FLOWS

Cash and cash equivalents shown in the cash flow statement include the following amounts recorded in the balance sheet:

	2000	1999
Cash on hand	$1 548 619	$821 249
Short-term investment, at cost		1 000 000
	$1 548 619	$1 821 249

Interest paid to the Société during the year amounts to $8 593 776 (1999: $8 923 799).

12. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments, special funds, agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

13. PENSION PLANS

The Société contributes to the three pension plans in which certain staff members participate. These plans include guaranteed payments upon retirement, loss of employment and death. The liability of the Société towards these plans is restricted to its contributions as an employer.

The Société's contributions charged to the year-end statement amount to:

	2000	1999
Defined benefit pension plan		
Government and Public Employees Retirement Plan (RREGOP)	$100 263	$152 259
Defined contribution pension plans		
Stagehands pension plan		132 246
Dressers pension plan	8 744	11 028

14. COMMITMENTS

The Société is committed to long-term contracts for goods and services, maturing on various dates up to October 1st, 2002, and to construction work on immovables.

Minimum future payments are as follows:

2001	$1 225 050
2002	38 828
2003	4 718
	$1 268 596

15. CONTINGENCIES

The Société is also party to various claims and legal proceedings that have cropped up in the normal course of business.

The Société is not able to predict the outcome of these disputes. To the extent that it can be determined, these financial statements include provisions to this effect.

MANAGEMENT'S REPORT

The financial statements of the Société de la Place des Arts de Montréal were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgments included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Clément Richard
Acting Director General

Richard Tardif, CA, CMA
Director, Administration and Finance

Montréal, November 8, 2000

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société de la Place des Arts de Montréal as at August 31, 2000 and the statement of results and surplus, as well as the statement of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at August 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, November 8, 2000

SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC
(R.S.Q., c. S-11.011)

REVENUE AND EXPENDITURE
for the year ended December 31
(in thousands of dollars)

	2000			1999
	Current year	Prior years	Total	Total
REVENUE				
Contributions				
Vehicle registration	502 118		502 118	491 681
Driver's licences	118 322		118 322	118 069
Fees collected on vehicle registration and driver's licence transactions	81 365		81 365	80 077
Net income from investments related to the actuarial liability and average cash flow (note 4)	23 012	490 967	513 979	449 164
Gouvernement du Québec contribution to funding to highway control	42 069		42 069	34 000
Other	2 237		2 237	1 616
	769 123	490 967	1 260 090	1 174 607
EXPENDITURE				
Compensation paid (Note 5)	165 122	462 908	628 030	625 248
Administrative expenses (Note 6)	200 996	39 978	240 974	237 614
Programs for handicapped persons (Note 7)	5 207		5 207	5 094
Contribution to funding o agencies (Note 8)	46 186	5 510	51 696	49 312
Normal fluctuation in actuarial liability (Note 9)	600 174	(266 814)	333 360	225 734
Change in allowance for fluctuation in the real rate of return (Note 15)	(1 199)	37 248	36 049	26 823
	1 016 486	278 830	1 295 316	1 169 825
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURE BEFORE THE FOLLOWING ITEMS	(247 363)	212 137	(35 226)	4 782
Other net investment income (Note 4)	152 285		152 285	126 781
Adjustment to actuarial liability (Note 10)		(113 947)	(113 947)	(27 930)
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURE	(95 078)	98 190	3 112	103 633

CONTINGENCY FUND
for the year ended December 31
(in thousands of dollars)

	2000	1999
OPENING BALANCE	263 570	417 540
Transfer from unappropriated surplus	26 839	
Transfer to unappropriated surplus		(153 970)
CLOSING BALANCE	290 409	263 570

UNAPPROPRIATED SURPLUS
for the year ended December 31
(in thousands of dollars)

	2000	1999
OPENING BALANCE	257 603	
Excess of revenue over expenditure	3 112	103 633
Transfer to contingency fund	(26 839)	
Transfer from contingency fund		153 970
CLOSING BALANCE	233 876	257 603

SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

BALANCE SHEET
as at December 31
(in thousands of dollars)

	2000	1999
ASSETS		
Accounts receivable	9 635	4 898
Accrued investment income	51 096	72 577
Fund entrusted to the Caisse de dépôt et placement du Québec (Note 11)	6 165 134	5 614 876
Fixed assets (Note 12)	102 587	91 097
	6 328 452	5 783 448
LIABILITIES AND SURPLUS		
Outstanding cheques in excess of bank balance	3 282	9 100
Line of credit with the Caisse de dépôt et placement du Québec (Note 13)	32 506	43 745
Accounts payable and accruals		
Gouvernement du Québec	92 650	19 145
Other	21 287	24 546
Allowance for vacation pay and sick leave	41 234	39 068
Obligations to accident victims		
Actuarial liability (Note 14)	4 840 148	4 392 841
Deferred contributions	301 176	297 995
Allowance for fluctuations in the real rate of return (Note 15)	471 884	435 835
	5 804 167	5 262 275
Contingency fund	290 409	263 570
Unappropriated surplus	233 876	257 603
	6 328 452	5 783 448

COMMITMENTS (Note 17)

On behalf of the Board of Directors,
Jean-Yves Gagnon
President and Chief Executive Officer
Marthe Lacroix, F.I.C.A., F.C.A.S.
Administrator

SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

CASH FLOWS

for the year ended December 31
(in thousands of dollars)

	2000	1999
OPERATING ACTIVITIES		
Contributions collected		
Vehicle registration	500 472	499 422
Driver's licence	118 606	119 214
Fees collected on vehicle registration and driver's licence transactions	81 364	80 077
Net investment income		
Investment income collected	326 823	277 344
Interest paid	(19)	(143)
Gouvernement du Québec contribution for funding road checks received	41 607	34 000
Other income collected	2 237	903
Compensation paid	(629 229)	(624 881)
Administrative expenses paid	(228 228)	(218 972)
Programs for handicapped persons paid	(5 152)	(5 094)
Contribution paid to funding of agencies	(51 696)	(49 312)
	156 785	112 558
Mandates conferred by the Gouvernement du Québec		
Registration and driver's licence fees		
Collected for the Gouvernement du Québec	702 618	696 073
Remitted to the Gouvernement du Québec	(703 244)	(699 847)
Collected for other governments	21 326	20 405
Remitted to other governments	(21 326)	(20 444)
Taxes		
Collected for the Gouvernement du Québec	605 826	99 326
Remitted to the Gouvernement du Québec	(531 910)	(98 490)
Motorists' contribution to mass transit		
Collected for the Gouvernement du Québec	59 881	61 186
Remitted to the Gouvernement du Québec	(60 059)	(61 457)
Cash flows related to operating activities	229 897	109 310
INVESTMENT ACTIVITIES		
Funds entrusted to the Caisse de dépôt et placement du Québec		
Disbursements for acquisition of participation deposits	(617 644)	(213 900)
Earnings cashed on investments by the Caisse	428 327	164 102
Disbursements for the acquisition of fixed assets	(23 602)	(16 919)
Proceedings for the sale of fixed assets	79	51
Cash flows related to investment activities	(212 840)	(66 666)
INCREASE IN CASH AND CASH EQUIVALENTS	17 057	42 644
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(52 845)	(95 489)
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 16)	(35 788)	(52 845)

The Société adopted the direct method for the presentation of its cash flows.

1. CONSTITUTION AND PURPOSE

The Société de l'assurance automobile du Québec is a legal person established in the public interest within the meaning of the Civil Code of Québec under the Act respecting the Société de l'assurance automobile du Québec (R.S.Q., c. S-11.011).

Its purpose is to:

- administer the compensation plan for victims of bodily injuries provided for by the Automobile Insurance Act;
- administer the compensation plan for property damage prescribed in Title IV of the Automobile Insurance Act;
- administer the Highway Safety Code, in particular with respect to the registration of road vehicles, permits and licences, vehicle safety standards and obligations in the event of an accident;
- promote highway safety as regards the conduct of highway users as well as the safety standards respecting the vehicles used;
- ensure the monitoring of and control over highway transportation of goods and passengers on highways and in carrier facilities, in particular with respect to the application of:
    - the provisions of the Highway Safety Code;
    - the legislative or regulatory provisions pertaining to highway transportation which are under the responsibility of the departments and agencies designated by the Government, to the extent and on the conditions determined by agreement entered into pursuant to Title VIII.2 of the Highway Safety Code;
- assume operational coordination in matters pertaining to the control of highway transportation between the departments and agencies concerned and to promote stricter highway control throughout Québec.
- establish a program for the adaptation of road vehicles so that persons with disabilities may drive or have access to such vehicles.

To this end, the Société may:

- collect the duties, fees, insurance contributions and the contributions of motorists to public transit with respect to vehicle registration;
- collect the duties, fees, and insurance contributions with respect to permit issues.

2. FUNDING POLICY

The objectives of the Société's funding policy, which is based on the full funding principle, of intergenerational equity and adequate funding of its financial obligations, establishes the following principles:

- target full capitalization that guarantees beneficiaries payment of present and future compensation, including future management fees linked to disposal of the actuarial debt;
- with the Government's approval, set insurance contribution rates that will ensure sufficient funding to cover the projected financial requirements;
- seek to act equitably vis-à-vis future generations of insured members when setting insurance contributions and administrative fees;
- calculate the actuarial liability on the base of the best estimate; in terms of the assumption regarding the real rate of return, the best estimate concept falls within a long-term perspective that reflects a particular environment of the insurance plan administered by the Société;

2. FUNDING POLICY (cont'd)

- establish a provision, not to exceed 10% of the actuarial liability, to cover fluctuations in the real rate of return in relation to the rate assumption used to establish the actuarial liability so as to limit the impacts of economic fluctuations;

- establish an insurance contribution contingency fund not to exceed 6% of the actuarial liability to promote relative stability in rates that may be influenced by non-economic factors.

- establish any other reserve in order to deal with situations characterized by multiple risks or financial needs that might have significant impacts on its financial health;

- the balance of the unassigned surplus is available on the terms and conditions that the Société determines with the government's approval.

3. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgments.

a) Deposits with an individual fund of the Caisse de dépôt et placement du Québec

Participation deposits with an individual fund of the Caisse de dépôt et placement du Québec are recorded on a market-value basis.

This value is arrived at by adding the acquisition cost of participation deposit units to the amortized portion of the spread between the market value of deposits and their acquisition cost, and subtracting the unamortized portion of the gains and losses on investments realized by the Caisse.

The spread between the market value of participation deposits and their acquisition cost, and the unamortized portion of gains and losses on investments realized by the Caisse are charged to operations on a diminishing balance basis at the annual rate of 20%.

b) Fixed Assets

Fixed assets are recorded at historical cost and depreciated as follows, taking into account their residual value:

	Method	Useful life
Buildings	Straight-line	40 years
Head office furnishings	Straight-line	10 years
Equipment	Straight-line	Maximum 5 years
Automotive equipment	Straight-line	Maximum 5 years
Photography stations	Straight-line	Maximum 5 years
Data processing equipment and software	Straight-line	Maximum 5 years
Computer systems development	Straight-line	Maximum 7 years
Highway control stations:		
Buildings	Straight-line	10 years
Site development	Straight-line	10 years
Equipment	Summary-of-the-years' digits	Maximum 10 years

3. ACCOUNTING POLICIES (cont'd)

c) Actuarial Liability

The actuarial liability corresponds to:

- the capitalized value of income replacement and death benefits and other indemnities;
- the estimated current value of future administrative expenses required for the payment of indemnities.

Economic assumptions are established based on a long-term real rate of return of 3.75%.

Amounts posted to the statement of revenue and expenditure item "Change in actuarial liability" are the result of changes in actuarial assumptions, calculation methods and legislative and regulatory amendments.

d) Contributions

Contributions from vehicle registration and driver's licences are posted to revenue in the period between the beginning of the month during which issue or renewal takes place and the end of the month preceding the date of expiry.

e) Allowance for Fluctuations in the Real Rate of Return

The allowance for fluctuations in the real rate of return comprises the accumulated annual surplus or deficit resulting from the recognized spread between the observed real rate of return and the rate of return assumption used to calculate the actuarial liability. The annual change in this allowance is shown separately in the statement of revenue and expenditure. Unlike in previous years, the allowance has been limited to the equivalent of 10% of the actuarial liability. Surpluses and deficits posted to the allowance are amortized according to the straight-line method over a period of 8 years.

f) Contingency fund

A contingency fund (s. 152.1 of the Act) is create to promote relative stability in rates that are influenced by non-economic factors. This fund is not to exceed 6% of the actuarial liability and will be reviewed regularly by the Société's Board of Directors.

g) Pension plans

Société employees contribute to Gouvernement du Québec interenterprise defined benefit plans. The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Commission lacks sufficient information to apply the accounting procedure for defined benefit plans. Since the Société lacks sufficient information to use the accounting procedure the defined benefits plans, it uses the accounting procedure for defined condition plans.

h) Cash and cash equivalents

The Société's policy consists in presenting under cash and cash equivalents bank balances, including bank overdrafts whose balances often fluctuate between overdraft and available, and the line of credit used to cover monthly cash shortages.

4. NET INVESTMENT INCOME

	2000	1999
Participation deposits with and individual fund of the Caisse de dépôt et placement du Québec		
Net fund income	729 527	389 853
Less:		
Gains and loss on investments realized by the Caisse	429 266	119 543
Amounts carried forward	300 261	270 310

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

4. NET INVESTMENT INCOME (cont'd)

	2000	1999
Amounts brought forward	300 261	270 310
Plus:		
Amortization of gains and losses on investments realized by the Caisse	200 422	101 090
Amortization of the spread between the market value of deposits and their acquisition cost	161 458	202 582
	662 141	573 982
Interest		
Demand deposits	3 776	1 736
Bank balances	378	259
Line of credit	(31)	(32)
	666 264	575 945

	2000			1999
	Current year	Prior years	Total	Total
Net income from investments related to actuarial liability and average cash flows	23 012	490 967	513 979	449 164
Other net investment income	152 285		152 285	126 781
	175 297	490 967	666 264	575 945

Net investment income of $490 967 000 (1999: $428 359 000) assigned to previous years is generated by investments related to the actuarial liability for those years. Those attributed to the current year, $23 012 000 (1999: $20 805 000), are generated by the assets acquired with the average cash flows of operations for the current year.

Net other investment income assigned to the current year is generated mainly by investments related to deferred contributions, the allowance for fluctuations in the real rate of return, the contingency fund and the unappropriated surplus.

The amortization percentage of the difference in the market value of participation deposits and their acquisition cost, as well as the unamortized portion of earnings and losses on Caisse de dépôt et placement du Québec investments, rose from an annual 15% to 20% this year.

5. COMPENSATION PAID

	2000			1999
	Current year	Prior years	Total	Total
Income replacement benefits	37 703	198 868	236 571	215 913
Death benefits	35 490	54 490	89 980	82 573
Health care services (1)	52 913	26 751	79 664	88 654
Lump sum indemnities for permanent after effects	5 458	80 475	85 933	103 329
Amounts carried forward	131 564	360 584	492 148	490 469

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

5. COMPENSATION PAID (cont'd)

	2000			1999
	Current year	Prior years	Total	Total
Amounts brought forward	131 564	360 584	492 148	490 469
Rehabilitation costs	5 268	31 899	37 167	38 365
Personal care	2 490	30 396	32 886	31 041
Medical and paramedical expenses	9 459	21 741	31 200	29 751
Travelling and accommodation expenses	2 720	8 912	11 632	11 604
Medical information	1 731	5 580	7 311	9 396
Cost of ambulance services	7 371	170	7 541	5 946
Other expenses	4 519	3 626	8 145	8 676
	165 122	462 908	628 030	625 248

(1) This item represents the Société's contribution to the Consolidated Revenue Fund of the Gouvernement du Québec in lieu of billing health care costs incurred as a result of automobile accidents and provided for in the Automobile Insurance Act. The contribution for 2000 was established by agreement between the Ministère de la Santé et des Services sociaux, the Régie de l'assurance maladie du Québec and the Société.

6. ADMINISTRATIVE EXPENSES

	2000			1999
	Société	Highway control	Total	Total
Salaries and fringe benefits	114 243	23 623	137 866	133 313
Travelling expenses	1 761	1 026	2 787	2 411
Agents' remuneration	14 413		14 413	13 471
Administrative and professional services	15 071	1 936	17 007	15 773
Communications	8 935	1 425	10 360	10 705
Information and advertising	4 718	797	5 515	5 012
Furniture, fixtures and equipment	1 780	906	2 686	2 823
Maintenance	1 774	1 690	3 464	3 219
Rent, taxes and electricity	8 467	1 555	10 022	9 458
Data processing and office automation equipment	2 588	231	2 819	5 145
Rental and maintenance of data processing and office automation equipment	9 749	847	10 596	12 270
Printing, supplies and other expenses	11 593	1 437	13 030	15 018
Overhead	(4 343)	4 343		
	190 749	39 816	230 565	228 618
Depreciation of fixed assets	9 693	716	10 409	8 996
	200 442	40 532	240 974	237 614

7. PROGRAMS FOR HANDICAPPED PERSONS

	2000			1999
	Current year	Prior years	Total	Total
Vehicle adaptation				
Subsidies	4 634		4 634	4 675
Administrative costs	219		219	124
	4 853		4 853	4 799
Parking stickers				
Administrative costs	283		283	295
System amortization	71		71	
	354		354	295
	5 207		5 207	5 094

The vehicle adaptation program is based on the legal provisions stipulated in section 2g of the Act respecting the Société de l'assurance automobile du Québec (R.S.Q., c. S-11.011).

8. CONTRIBUTION TO FUNDING OF AGENCIES

	2000			1999
	Current year	Prior years	Total	Total
Agencies responsible for ambulance services	46 186		46 186	45 537
Tribunal administratif du Québec		5 510	5 510	3 775
	46 186	5 510	51 696	49 312

The contribution to funding of agencies responsible for ambulance services is provided for in sections 155.5 and 155.6 of the Automobile Insurance Act. That of the Tribunal administratif du Québec is established by orders in council of the Gouvernement du Québec.

9. NORMAL FLUCTUATION IN ACTUARIAL LIABILITY

This item, which represents $333 360 000 (1999: $225 734 000), is composed of a $600 174 000 increase (1999: $525 353 000), representing the amount needed to pay all compensation, present and future, resulting from accidents that occurred in the current year, and a $266 814 000 decrease (1999: $299 619 000) comprising a $299 428 000 decrease (1999: $306 132 000) to cover the payment of compensation during the fiscal year, compensation to accident victims from previous years, anticipated investment income and an increase of $32 614 000 (1999: $6 513 000) representing discrepancies observed in the past.

10. ADJUSTMENT TO ACTUARIAL LIABILITY

The $113 947 000 decrease in the surplus of revenue over expenditure reflects the impact of the modifications to evaluation assumptions and methods. Most of this impact is due to the review of disability persistence rates (+$86 811 000), changes of a fiscal nature in the calculation of income replacement indemnities (+$34 268 000), new personal assistance reserve evaluation assumptions, the cost of health and stay services (-$30 273 000) and the updating of mortality assumptions (+$11 603 000).

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

11. FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

Participation deposits in an individual fund of the Caisse de dépôt et placement du Québec are expressed in units. Units are redeemable on advance notice according to the terms of payment set by the Caisse de dépôt at the market value of the net equity of the individual fund at the beginning of each month. At the end of each month, the Caisse allocates to the Société the net investment income.

	2000	1999
Participation deposits		
Number of units	6 526 669	6 023 752
Acquisition cost of units	6 055 255	5 437 611
Plus:		
Amortized portion of the spread between the market value and the acquisition cost of units	911 566	750 108
Less:		
Unamortized portion of gains and losses on investments realized by the Caisse	801 687	572 843
	6 165 134	5 614 876

At December 31, 2000, the market value of the participation deposit units was $7 612 651 000 (1999: $7 335 684 000).

12. FIXED ASSETS

	2000			1999
	Cost	Accumulated depreciation	Unamortized cost	Unamortized cost
Land	1 862		1 862	1 862
Buildings [1]	60 416	14 333	46 083	47 244
Head Office furnishings	11 212	10 640	572	1 693
Equipment	2 630	2 115	515	494
Automotive equipment	7 093	2 980	4 113	2 740
Photography stations	12 006	8 806	3 200	4 061
Data processing equipment and software	42 585	33 845	8 740	7 422
Computer systems development [2]	40 470	5 518	34 952	23 761
Highway carrier monitoring weigh station	3 829	1 279	2 550	1 820
	182 103	79 516	102 587	91 097

(1) Head Office, for which the amount of $57 008 000 is included in this item, is held under a divided co-ownership contract with the City of Québec. The Société has sole ownership of most of the Head Office complex and holds 84.4% of the undivided rights for the common areas.

(2) Computer systems development totalling $19 162 000 (1999: $13 957 000) was being carried out at December 31, 2000.

13. LINE OF CREDIT WITH THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

The Société obtained a $100 million line of credit with the Caisse to offset monthly cash shortages. It bears interest based on the daily market rate for borrowings plus 0.05%. The interest rate was 5.90% at December 31, 2000 (1999: 5.00%). This credit line expires on December 31, 2001.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

14. OBLIGATIONS TO ACCIDENT VICTIMS - ACTUARIAL LIABILITY

	2000			1999
	Current year	Prior years	Total	Total
Compensation				
Capitalized value of future indemnities including pension adjustment	553 489	4 068 729	4 622 218	4 192 906
Future administrative expenses				
Estimated current value of expenses necessary for the payment of indemnities	46 685	171 245	217 930	199 935
	600 174	4 239 974	4 840 148	4 392 841

15. ALLOWANCE FOR FLUCTUATIONS IN THE REAL RATE OF RETURN

	2000			1999
	Current year	Prior years	Total	Total
Opening balance	49 086	386 749	435 835	409 012
Change during the year				
Assigned surplus	8 628	229 644	238 272	222 203
Maximum allowance		(116 391)	(116 391)	(117 468)
	8 628	113 253	121 881	104 735
Amortization for the year	(9 827)	(76 005)	(85 832)	(77 912)
Net change during the year	(1 199)	37 248	36 049	26 823
Closing balance	47 887	423 997	471 884	435 835

16. CASH FLOWS

Cash and cash equivalents shown in the cash flow statement include the following items in the balance sheet:

	2000	1999
Outstanding cheques in excess of bank balance	3 282	9 100
Line of credit with the Caisse de dépôt et placement du Québec	32 506	43 745
Deficiency in cash and cash equivalents	35 788	52 845

During the year, the Société disbursed $23 602 000 (1999: $16 919 000) for the acquisition of fixed assets and suffered $123 000 loss (1999: $ 355 000) on the sale of fixed assets. At December 31, 2000, accounts payable and costs incurred in relation to fixed assets totalled $616 000 (1999: $2 046 000).

17. COMMITMENTS

As at December 31, 2000, the minimum contractual commitments for office space are as follows:

2001	5 467
2002	4 551
2003	3 993
2004	3 164
2005	1 855
2006 and thereafter	964
	19 994

18. PENSION PLANS

The employees of the Société participate in the Government and Public Employees Retirement Plan (RREGOP) and in the Civil Service Superannuation Plan (CSSP). Interenterprise plans are defined benefit plans and include guaranteed payments upon retirement and death.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

The Société's contributions charged to the year-end statement amount to $4 341 000 (1999: $5 765 000). The liability of the Société towards these Government plans is restricted to its contributions as an employer.

19. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Société transacts with departments and special funds as well as with agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

20. COMPARATIVE FIGURES

Certain 1999 figures were reclassified for consistency with the presentation adopted in 2000.

SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

ACTUARIAL CERTIFICATE
related to the commitments of the Société de l'assurance automobile du Québec
as at December 31, 2000

The valuation as at December 31, 2000, of the amount necessary for the payment of all present and future compensation resulting from accidents that occurred before January 1, 2001, was made in accordance with section 153 of the Automobile Insurance Act (R.S.Q., c. A-25).

Indemnities covered by the valuation are those provided for under Title II, Chapter II of Title IV and Chapter II of Title V of the Automobile Insurance Act, for accidents that occurred between March 1, 1978 and January 1, 2001, and those provided for under Chapter III of Title IV of the Act, for accidents that occurred between September 30, 1961 and March 1, 1978. The amount needed to pay indemnities was calculated taking administrative expenses related to the discharge of compensation obligations into account.

In our opinion, the actuarial liability of $4 840 148 million as at December 31, 2000 represents sufficient allowance for the payment of these indemnities.

To reflect the provisions of the automobile Insurance Act governing readjustment of compensation, the assumed real rate of return, defined from a long-term perspective, is set at 3.75%. The Société adopted a mechanism to allow the amortization of financial impacts from the annual discrepancies in the assumed real rate of return and the actual rate.

The actuarial liability as at December 31, 2000 is up $447 307 million over last year. This increase includes $333 360 million representing the normal fluctuation in actuarial liability, and an adjustment of $113 947 million. The adjustment reflects the impact of the changes to the actuarial assumptions and methods. Most of this impact due to the review of disability persistence rates (+$86 811 million), changes of a fiscal nature in the income replacement indemnity calculation (+$34 628 million), new assumptions for evaluating personal assistance reserves, the cost of health and stay services (-$30 273 million) and the updating of mortality assumptions (+$11 603 million).

The allowance for fluctuations in the real rate of return represents an amount of $471 884 million as at December 31, 2000. This allowance is necessary to attain the objectives of the Société's corporate principles funding policy.

The actuarial liability valuation report contains more detailed information on the elements discussed in this certificate.

In our opinion, the amount of the actuarial liability was established using adequate and reliable data, appropriate actuarial assumptions and calculation methods in accordance with sound actuarial principles.

Linda Bellware, F.S.A., F.I.C.A.
Director, Actuarial Department
Société de l'assurance automobile du Québec

Clément Gosselin, F.S.A., F.I.C.A.
Actuary
Société de l'assurance automobile du Québec

March 19, 2001

SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Société de l'assurance automobile du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgments included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. Management carries out audits periodically to ensure that the internal controls applied regularly by the Société are appropriate and consistent.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the audit committee, which meets with management and the Auditor General, examines the financial statements and recommends their approval to the board of directors.

Once a year, in accordance with sound actuarial principles, the Société's actuary carries out a valuation of the actuarial liability and the allowance for fluctuations in the real rate of return indicated in the Société's financial statements, and reports the results to the audit committee.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. He was assisted in this task by a consulting actuary. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Jean-Yves Gagnon
President and Chief Executive Officer

Julien Lemieux, C.A.
Vice-President, Administration and
Finance

Québec, March 29, 2001

SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société de l'assurance automobile du Québec as at December 31, 2000, and the statements of revenue and expenditure, the contingency fund, the unappropriated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at December 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, March 29, 2001

SOCIÉTÉ DES ALCOOLS DU QUÉBEC
(R.S.Q., c. S-13)

CONSOLIDATED INCOME AND CONSOLIDATED RETAINED EARNINGS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
NET SALES (Note 5)	1 996 891	1 806 061
Taxes, fees, discounts and others (Note 5)	448 980	400 434
NET SALES (Note 5)	1 547 911	1 405 627
OPERATING EXPENSES		
Cost of goods sold (Note 5)	760 172	690 727
Selling, marketing, distribution and administrative expenses	295 968	264 045
	1 056 140	954 772
INCOME BEFORE FINANCING CHARGES, AMORTIZATION AND OTHER REVENUE	491 771	450 855
FINANCING CHARGES AND AMORTIZATION		
Financing charges (Note 6)	8 108	4 254
Depreciation of fixed assets	12 763	10 413
Depreciation of the building leased under a capital lease	407	407
Amortization of other assets	510	416
	21 788	15 490
INCOME BEFORE OTHER REVENUE	469 983	435 365
OTHER REVENUE		
Gain on disposition of joint venture assets given the amortization of the deferred gain	403	6 135
Gain on dilution of participation in an associated corporation	999	
Share in results of an associated corporation	(36)	
	1 366	6 135
NET INCOME	471 349	441 500
RETAINED EARNINGS, BEGINNING OF YEAR	16 937	16 437
CUMULATIVE EFFECT OF THE CHANGE IN THE ACCOUNTING POLICY (Note 3)	(16 276)	
DIVIDEND	(470 000)	(441 000)
RETAINED EARNINGS, END OF YEAR	2 010	16 937

The notes are an integral part of the consolidated financial statement.

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

CONSOLIDATED BALANCE SHEET
as at March 31, 2001
(in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Cash on hand		8 845
Term deposit, 5.96%, maturing October 4, 2001	12 240	
Accounts receivable (Note 7)	53 285	43 218
Inventories (Note 8)	230 180	189 295
Prepaid expenses	12 477	12 629
	308 182	253 987
Debentures, 10%, maturing July 1, 2009 (Note 16)	7 150	7 150
Participation in an associated corporation	5 963	
Fixed assets (Note 9)	157 013	96 307
Building lease under a capital lease (Note 10)	6 512	6 919
Other assets (Note 11)	7 632	8 142
	492 452	372 505
LIABILITIES		
Current liabilities		
Bank overdraft and borrowings (Note 12)	213 333	20 575
Suppliers and other accounts payable (Note 13)	157 071	171 328
Dividend	37 000	96 000
	407 404	287 903
Debentures, 10%, maturing July 1, 2009 (Note 14)	3 850	3 850
Commitment under a capital lease (Note 15)	11 028	11 600
Deferred gain on disposition of joint venture (Note 16)	4 837	5 240
Allowance for accrued sick leave (Note 17)	33 323	16 975
	460 442	325 568
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized, issued and paid up:		
300 000 shares at a par value of $100	30 000	30 000
Retained earnings	2 010	16 937
	32 010	46 937
	492 452	372 505

CONTINGENCIES AND COMMITMENTS (Note 18)

The notes are an integral part of the consolidated financial statement.

On behalf of the Board of Directors,
Pierre Parent, President of the Board of Directors
Jacques Brind'Amour, Chairman of the Audit Committee

CONSOLIDATED CASH FLOWS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Net income	471 349	441 500
Non-cash items:		
Depreciation	13 680	11 236
Loss (Gain) on disposal of fixed assets	(737)	189
Charge for sick leave credits	4 612	2 600
Gain on disposition of joint venture assets given the amortization of the deferred gain	(403)	(6 135)
Gain on dilution of participation in an associated corporation	(999)	
Share in results of an associated corporation	36	
	487 538	449 390
Net change in non-liquid asset working capital items (Note 19)	(65 116)	(15 461)
Use of sick leave credits	(4 254)	
Cumulated sick leave credits transferred to employees' registered retirement saving plans	(286)	(253)
Cash flows related to operating activities	417 882	433 676
INVESTMENT ACTIVITIES		
Term deposit	(12 240)	
Participation in an associated corporation	(5 000)	
Acquisition of fixed assets	(74 298)	(34 034)
Disposal of fixed assets	1 566	133
Consideration received for the disposition of joint venture assets		9 714
Pre-development expenses		(43)
Cash flows related to investment activities	(89 972)	(24 230)
FINANCING ACTIVITIES		
Deviation in bank loans	159 351	10 649
Repayment of commitment under a capital lease	(513)	(460)
Dividend	(529 000)	(421 000)
Cash flows related to financing activities	(370 162)	(410 811)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42 252)	(1 365)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8 419	9 784
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 19)	(33 833)	8 419

The notes are an integral part of the consolidated financial statement.

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2001
(in thousands of dollars)

---

1. CONSTITUTION

The Société des alcools du Québec (the Société) is established under the Act respecting the Société des alcools du Québec (R.S.Q., c. S-13).

2. FISCAL YEAR

The Société des alcools du Québec's fiscal year ends on the last Saturday in March. Consequently, the fiscal years ended March 31, 2001 and March 25, 2000, include respectively 53 and 52 weeks of operation.

3. CHANGE IN ACCOUNTING POLICY

During the fiscal year, the Société adopted retroactively, without reprocessing previous years' financial statements, the recommendations of the Canadian Institute of Chartered Accountants (CICA) regarding the accounting treatment for future fringe benefits. These recommendations provide guidelines for recording the costs inherent in accumulated sick leave. The adoption of these recommendations increases the long-term liability in terms of the provision for accumulated sick leave credits of $16.3 million and decreases the retained earnings by the same amount.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Société were prepared in accordance with generally accepted accounting principles of Canada. The principal accounting policies used to prepare the consolidated financial statements are disclosed below:

Consolidation perimeter

The consolidated financial statements include the Société des alcools du Québec's accounts and share of the assets, liabilities, proceeds and costs of Maison des Futailles, SEC, a joint venture in which the Société holds 35%. This share is recorded using the proportionate consolidation method. Participation in an associated corporation on which the Société exercises notable influence is recorded on an equity basis.

Use of estimates

Preparing financial statements in keeping with generally recognised accounting principles requires management to use estimates and assumptions that affect the amounts of the assets and liabilities recorded, the presentation of eventual assets and liabilities at the date of the financial statements, and the amounts recorded for products and charges during the fiscal year. Real results might differ from these estimates.

Currency translation

Monetary items under assets and liabilities denominated in foreign currency are converted at the exchange rate in effect the date of the balance sheet while other items under assets and liabilities are converted at the rate in effect the date of the operation. Proceeds and charges denominated in foreign currency are converted at the average rate for the fiscal year. Exchange gains and losses are included in the fiscal year's results.

The Société manages its foreign exchange risk on outpayments in currency by making use of forward exchange contracts. The resulting gains and losses are recorded at the time they occur and are recorded to the cost of products sold.

Cash and cash equivalents

Cash and cash equivalents include cash and the bank overdraft which is repayable at sight.

Term deposit

The term deposit is evaluated at the lesser of cost and fair market value.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Inventory is valued at the lower of cost and net realizable value. Cost is calculated according to the first in, first out (FIFO) method.

Fixed assets

Fixed assets are recorded at cost and amortized according to their probable service life. Depreciation is calculated according to the straight-line method, with the exception of depreciation on automotive equipment acquired before March 28, 1999, which is calculated using the diminishing balance method. The following annual rates are used:

Buildings	2.5% and 10%
Furniture and equipment	Rate varying between 2.8% and 50%
Automotive equipment	Rate varying between 10% and 30%
Leasehold improvements	According to the term of the leases
Paving and parking	8%

Building leased under a capital lease

The building leased under a capital lease is recorded at cost, i.e., at the present value of the minimum payments required under the lease. Depreciation is calculated according to the straight-line method at the annual rate of 2.5%.

Other assets

Other assets, recorded at cost, include the Société's share in trademarks, goodwill and joint venture pre-development expenses. Trademarks, goodwill and pre-development expenses are amortized using the straight-line method, on terms of 20 and 7 years respectively. The Société reviews the book value of trademarks and goodwill on an annual basis in order to determine whether there has been a drop in the permanent value by measuring the estimated fair value of these other assets according to undiscounted expected future self-generated funds.

Fringe benefit plans

Sick leave credits

The Société administers a defined-benefit plan that guarantees most employees of payment for sick leave credits. The cost of future benefits in terms of payment of sick leave credits earned by Société employees participating in the plan is established using actuarial calculations, according to the method of projecting costs on a prorated basis using years of service, and is posted to results as the services are rendered by these employees. The actuarial calculations reflect the most probable assumptions made by management regarding salary progression, retirement age and rate of use of sick leave credits.

Pension plans

Société employees participate in government and public employee retirement plans. These plans, administered by the Commission administrative des régimes de retraite et d'assurances du Québec, are defined-benefit plans and include guarantees on retirement and death. The accounting procedure for defined-contribution plans is applied to these plans.

5. NET SALES AND COST OF GOODS SOLD

	Outlets and specialized services	Wholesale grocers	Sub-total	Brewers and beer distributors [1]	Total	
					2001	2000
Gross sales	1 558 451	320 518	1 878 969	117 922	1 996 891	1 806 061
Less:						
- Québec sales tax	104 663	20 006	124 669	8 229	132 898	120 927
- Duties from permit holders	22 000		22 000		22 000	20 519
- Specific tax	58 636	27 148	85 784		85 784	80 408
- Specific duties	18 046		18 046		18 046	15 956
- Federal goods and services tax	91 371	17 451	108 822	7 178	116 000	105 574
- Discounts and returns	36 782	184	36 966		36 966	21 687
- Remuneration of wholesale grocers		33 768	33 768		33 768	32 193
- Levies for separate collection	1 876	605	2 481		2 481	2 228
- Levies for the Fonds Éduc'alcool Inc.	836	201	1 037		1 037	942
	334 210	99 363	433 573	15 407	448 980	400 434
Net sales	1 224 241	221 155	1 445 396	102 515	1 547 911	1 405 627
Cost of goods sold[2]	555 150	102 507	657 657	102 515	760 172	690 727

[1] Holders of a brewer's or beer distributor's permit sell and deliver within Québec beer made in other provinces or outside Canada by them or affiliated companies. These products must be purchased exclusively from the Société des alcools du Québec.

[2] The cost of products sold during the fiscal year ended March 31, 2001 includes a $12.2 million federal sales tax refund.

6. FINANCING CHARGE

		2001	2000
Interest on bank borrowings		8 510	4 171
Interest on debentures payable		385	321
Interest on the obligation resulting from a capital lease arrangement		1 330	1 353
		10 225	5 845
Less:	Investment interest	(1 391)	(689)
	Interest debentures receivable	(726)	(902)
		(2 117)	(1 591)
		8 108	4 254

6. FINANCING CHARGE (cont'd)

Term deposit

The term deposit is evaluated at cost or fair market value, whichever is less.

7. ACCOUNTS RECEIVABLE

	2001	2000
Wholesale grocers	22 742	22 380
Licensed establishments, institutions and other commercial accounts	30 543	20 838
	53 285	43 218

8. INVENTORIES

	2001	2000
Bottled beverages	222 479	182 753
Bulk beverages	5 395	4 876
Production equipment	2 306	1 666
	230 180	189 295

9. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Land	9 482		9 482	8 144
Buildings	53 416	12 492	40 924	29 756
Furniture and equipment	133 801	49 605	84 196	45 711
Automotive equipment	10 382	4 731	5 651	2 999
Leasehold improvements	27 170	11 501	15 669	8 773
Paving and parking	2 992	1 901	1 091	924
	237 243	80 230	157 013	96 307

10. BUILDING LEASED UNDER A CAPITAL LEASE

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Building	16 280	9 768	6 512	6 919

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

11. OTHER ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net value	Net value
Trademarks and goodwill	7 385	622	6 763	7 106
Pre-development expenses	1 173	304	869	1 036
	8 558	926	7 632	8 142

12. BANK OVERDRAFT AND BORROWINGS

	2001	2000
Short-term borrowings	179 500	20 000
Other	33 833	575
	213 333	20 575

The Société is authorized by the Gouvernement du Québec and by its board of directors to contract short-term bank borrowings of less than one year provided that its total borrowings do not exceed $220 million. The $179.5 million balance at March 31, 2001 comprised six short-term borrowings bearing interest at a rate of 5.03% to 5.15% and maturing in 12 days or less.

13. SUPPLIERS AND ACCOUNTS PAYABLE

	2001	2000
Suppliers	109 722	104 410
Government duties and taxes	23 084	44 182
Salaries and fringe benefits	24 265	22 736
	157 071	171 328

14. DEBENTURES

This amount represents the Société des alcools du Québec's share in the $22 million joint venture unguaranteed debentures. They are repayable in four instalments of $2.0 million as of July 1, 2004 and one final instalment of $14.0 million on July 1, 2009. The Société's share in these instalments is $0.4 million and $2.5 million respectively.

Should it default, the Société has the right to convert any portion of the principle and accrued interest into a number of shares in the joint venture equal to the amount of the debenture converted divided by the book value of one share at the time of the conversion.

15. COMMITMENT UNDER A CAPITAL LEASE

	2001	2000
Commitment related to the leasing of building, repayable in monthly instalments of $152 000 until April 11, 2012, including interest calculated at the semi-annual capitalized rate of 11%	11 600	12 113
Less: Portion due within one year	(572)	(513)
	11 028	11 600

15. COMMITMENT UNDER A CAPITAL LEASE (cont'd)

Instalments due in subsequent years:

	Principal	Interest	Total
2002	572	1 248	1 820
2003	638	1 182	1 820
2004	712	1 108	1 820
2005	795	1 025	1 820
2006	887	933	1 820
2007 – 2012	7 996	2 979	10 975
	11 600	8 475	20 075

16. PARTICIPATION IN A JOINT VENTURE

On May 31, 1999, the Société des alcools du Québec, the Fonds de solidarité des travailleurs du Québec, Les Vins Andrés de Québec Ltée and 9072-3479 Québec Inc. merged their respective commercial bottling and marketing activities for certain wines and spirits and created the Maison des Futailles, SEC, a joint venture in which the Société holds 35%.

The consideration received for the disposition of joint venture assets was $37.1 million, including $3.5 million in cash, $6.3 million in short-term notes, $11.0 million in debentures and $16.3 million in joint venture shares.

The total gain from the transaction, before proportionate consolidation, was $17.5 million, $6.1 million of which was not recorded due to the Société's 35% share in a joint venture. A sum of $5.4 million was deferred and will be amortized over a 20-year period and a sum of $6.0 million was included in the consolidated results for the fiscal year.

The following amounts represent the Société's share in the joint venture, including the proceeds, charges and intercorporate accounts that were eliminated in the consolidation.

	2001	2000
Income		
Net sales	35 343	23 898
Cost of goods sold	26 666	18 623
	8 677	5 275
Operating costs	6 099	3 910
Financing charge	700	726
Depreciation	1 216	884
	8 015	5 520
Net gain (Net loss)	662	(245)
Balance Sheet		
Current assets	13 794	11 079
Long-term assets	15 922	16 678
	29 716	27 757

16. PARTICIPATION IN A JOINT VENTURE (cont'd)

	2001	2000
Balance sheet (cont'd)		
Current liabilities	5 264	3 968
Long-term liabilities	7 700	7 700
Shareholder's equity	16 752	16 089
	29 716	27 757
Cash flows		
Cash flows related to operating activities	632	1 745
Cash flows related to investment activities	(460)	(521)
Cash flows related to financing activities		(2 038)

17. FRINGE BENEFITS

The Société's charges under fringe benefit plans is as follows:

	2001	2000
Sick leave credits		
Defined-benefits plan [1]	4 612	2 600
Pension plans		
Defined-contribution plans		
Current services	3 600	5 600
Past services [2]		19 400
	3 600	25 000

[1] The charge for the fiscal year ended March 31, 2001 was established using actuarial calculations reflecting the most probable assumptions made by management regarding salary progression, retirement age and rate of use of sick leave credits. In the past, this charge was established using management's calculations and assumptions.

[2] An actuarial valuation of the liability resulting from services prior to December 31, 1975 was established at $88.8 million. The Société repaid this amount, plus the applicable interest, to the Commission administrative des régimes de retraite et d'assurances du Québec, paying an annual $10.4 million since December 31, 1978. The previous fiscal year, the Société exceptionally paid $19.4 million and fully paid off its debt.

The provision for cumulated sick leave credits is established as follows:

	2001	2000
Opening balance	16 975	14 375
Cumulative effect of the change in the accounting policy (Note 3)	16 276	
Adjusted balance	33 251	14 375
Charge for fiscal year	4 612	2 600
Use of sick leave credits	(4 254)	
Transfer to employees' registered retirement savings plans	(286)	
Closing balance	33 323	16 975

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

17. FRINGE BENEFITS (cont'd)

The significant assumptions used by the Société to evaluate its obligation with regard to future benefits are as follows:

Capitalization rate	7%
Annual salary growth rate	1.5% in 2001 2.0% in 2002 2.5% in 2003 3.0% for previous years
Rate of use of sick leave credits	75%

18. CONTINGENCIES AND COMMITMENTS

Contingencies

In the normal course of its operations, the Société des alcools du Québec also faces various claims and proceedings, primarily for damages, totalling nearly $16.4 million. The Société's management is contesting these proceedings and therefore objects to handling the resulting claims. According to its legal counsel, the arguments in its defence for each case are sound.

No allowance has been recorded in the Société's books in respect of these contingencies.

Commitments

The Société des alcools du Québec is committed to operating leases for outlets and certain warehouses which call for payments of $201.4 million. Lease payments for the coming fiscal years are as follows:

2002	26 294
2003	23 381
2004	21 747
2005	20 274
2006	18 936
2007 – 2015	90 757

Environment

The Société's activities are governed by environmental legislation, regulations and guidelines adopted by Government authorities. Management considers that the environmental hazards are managed appropriately and that no current or probable liability can be envisaged.

19. ADDITIONAL INFORMATION – CASH FLOW STATEMENT

The cash flows related to operations includes the following:

	2001	2000
Interest encashed	7 936	4 145
Interest paid		

Net deviation of non-cash elements Of the Working Capital Fund breaks down as follows:

Accounts receivable	(10 067)	(6 167)
Inventories	(40 885)	(25 867)
Prepaid expenses	152	(3 314)
Suppliers and accounts payable	(14 316)	19 887
	(65 116)	(15 461)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

19. ADDITIONAL INFORMATION – CASH FLOW STATEMENT (cont'd)

Cash and cash equivalents at fiscal year-end include the following items:

Cash on hand		8 845
Bank overdraft	(38 833)	(426)
	(38 833)	8 419

20. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

	2001		2000	
	Fair value	Book value	Fair value	Book value
Debentures receivable, 10%, maturing on July 1, 2009	7 182	7 150	6 928	7 150
Debentures payable, 10%, maturing on July 1, 2009	3 867	3 850	3 723	3 850
Commitment under a capital lease	14 431	11 600	15 276	12 113

The book value of certain financial instruments maturing in the short term is assumed to correspond to their fair value. These financial instruments include cash, accounts receivable, the bank overdraft and borrowings, suppliers and other accounts payable, with the exception of government taxes and royalties.

The fair value of debentures receivable and payable was determined by discounting future cash flows at the interest rates from which the Société could currently benefit for debentures with similar conditions and maturity dates.

The fair value of the obligation resulting from a capital lease contract represents the present value of 133 instalments at the annual interest rate for Gouvernement du Québec obligations, composed semi-annually and maturing in 2012, i.e. 6.4% in 2001 (6.5% in 2000).

The fair value of the provision for cumulated sick leave appropriation cannot reasonable be determined.

Interest rate risk

Debentures receivable bear interest at a fixed rate, thereby exposing the Société to the risk that the market rate might be higher than the one for this asset.

The obligation resulting from a capital lease contract and debentures payable bear interest at a fixed rate, thereby exposing the Société to the to the risk that the market rate might be lower than the one for this liability.

Derivative financial instruments

In order to reduce the possible negative effects of a decline in the Canadian dollar on exchange markets, the Société has entered into forward exchange contracts denominated in French francs and Italian lira. Two forward exchange contracts existed at fiscal year-end and their fair value corresponded approximately to their respective contract price.

	Forward rate		Contract price	
	2001	2000	2001	2000
Forward exchange contracts, 0 to 30 days, In French francs	0.2151	0.2152	3 604	508

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

AUDITORS' REPORT

The Honourable Pauline Marois
Deputy Prime Minister and
Minister of State for the Economy and Finance
Shareholder of the
Société des alcools du Québec

We have audited the consolidated balance sheet of the Société des alcools du Québec as at March 31, 2001, and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Société des alcools du Québec as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles of Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), we report that, in our opinion, these principles were applied on a basis consistent with that of the preceding year.

Raymond Chabot Grant Thornton
Chartered Accountants
General Partnership

Montréal, May 11, 2001

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

(R.S.Q., c. S-13.01)

INCOME

for the years ended March 31
(in thousands of dollars)

	2001	2000
REVENUE		
Fishing and vacation resorts	16 583	12 777
Hunting	10 224	9 628
Hotels and food services	8 378	6 904
Other outdoor activities	7 330	3 553
Management fees	13 341	10 194
Concessions and miscellaneous	3 664	3 461
	59 520	46 517
EXPENDITURE		
Salaries and fringe benefits	33 084	26 394
Maintenance	8 805	7 271
Overhead and administrative expenses	8 764	7 442
Resale products	4 547	3 121
Sales and marketing expenses	2 724	2 454
Property taxes and rights	1 140	1 444
	59 064	48 126
OPERATING RESULTS BEFORE AMORTIZATION AND SUBSIDIES	456	(1 609)
Amortization	(2 011)	(1 881)
Subsidies (Note 3)	575	6 163
OPERATING RESULTS	(980)	2 673
FINANCIAL CHARGES (Note 11)	(1 235)	(447)
SHARE IN THE INCOME OF THE AFFILIATED COMPANY	98	(165)
OTHER ITEMS (Note 12)	(107)	(6 582)
LOSS ON CONTINUING OPERATIONS	(2 224)	(4 521)
Discontinued operations (Note 4)	964	15 637
NET INCOME	(1 260)	11 116

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

ACCUMULATED DEFICIT
for the years ended March 31
(in thousands of dollars)

	2001	2000
OPENING BALANCE	(42 775)	(68 891)
Transfer from contributed surplus (Note 3)	7 000	15 000
	(35 775)	(53 891)
Net income	(1 260)	11 116
CLOSING BALANCE	(37 035)	(42 775)

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

BALANCE SHEETS
as at March 31
(in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Cash on hand	8 077	
Accounts receivable	465	1 292
Subsidies receivable	136	1 008
Expenses deferred to the coming year	3 670	3 101
	12 348	5 401
Accounts receivable	677	1 478
Interest and advance in the affiliated company	783	680
Recreational or tourist areas	676	1 006
Fixed assets (Note 5)	69 756	44 465
Assets related to abandoned activities (Note 4)	13 013	12 049
	97 253	65 079
LIABILITIES		
Current liabilities		
Long-term debt (Note 6)	3 000	7 472
Accounts payable	15 249	14 964
Customer deposits	5 183	4 467
Long-term debt maturing during the coming year (Note 7)	3 400	877
	26 832	27 780
Long-term debt (Note 7)	2 200	12 417
Deferred subsidies	49 228	14 610
Liabilities related to discontinued operations (Note 4)	941	1 060
	79 201	55 867
SHAREHOLDER'S EQUITY		
Capital stock (Note 8)	55 087	51 987
Accumulated deficit	(37 035)	(42 775)
	18 052	9 212
	97 253	65 079

COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)

On behalf of the Board of Directors,
Michel Noël de Tilly
Yvan Bilodeau

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

CASH FLOWS
for the years ended March 31
(in thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Accounts receivable – operation	63 311	51 698
Accounts payable – suppliers and salaries	(59 401)	(46 266)
Interest paid	(1 182)	(469)
	2 728	4 963
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(29 089)	(11 848)
Product for disposal of assets	238	217
Advance to an affiliated company	(5)	(252)
	(28 856)	(11 883)
FINANCING ACTIVITIES		
Subsidies for immovables (Note 3)	36 390	2 980
Borrowing		6 000
Repayment of long-term debt	(7 694)	(877)
Change in short-term debt	(4 169)	(608)
Capital stock issue	3 100	1 000
Contributed surplus (Note 3)	7 000	
	34 627	8 495
DISCONTINUED OPERATIONS (Note 4)		
Subsidy		13 795
Repayment of long-term debt		(14 565)
Payment of interest on long-term debt		(280)
Net change in other items	(119)	(389)
	(119)	(1 439)
CHANGE IN CASH ON HAND	8 380	136
CASH ON HAND, BEGINNING OF YEAR (Note 6)	(303)	(439)
CASH ON HAND, END OF YEAR	8 077	(303)

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
as at March 31, 2001 and 2000
(in thousands of dollars)

1. INCORPORATION AND PURPOSE

The Société was incorporated under the Act respecting the Société des établissements de plein air du Québec (R.S.Q., c. S-13.01), assented to on December 21, 1984. Its purpose is to administer, operate and develop, alone or jointly with others, the recreational or tourist installations, immovable or territories that are transferred to it under this Act; and to devise, erect, administer, operate and develop, alone or jointly with others, any other recreational or tourist installation, immovable or territory.

2. ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in keeping with generally accepted accounting principles in Canada requires management to use estimates that affect the assets, liabilities, revenues and expenditure shown in the financial statements.

b) Recreational and tourism areas

Areas dedicated to recreation or tourism are shown at the lower of cost or market value.

c) Interest in the affiliated company

The Société accounts for its interest in the affiliated company on an equity basis.

d) Fixed assets and depreciation

Fixed assets are recorded at cost and depreciated on a straight-line basis at the following rates:

Buildings and infrastructures	4%
Ski lifts	5%
Automotive equipment, furniture, equipment, leasehold improvements and wildlife developments	14% and 20%

e) Deferred subsidies

Fixed assets subsidies are recorded as deferred subsidies and are transferred to operations as the fixed assets to which they relate are depreciated.

f) Income tax

Pursuant to the Act respecting the Société des établissements de plein air du Québec, all Société shares are held by the Minister of Finance of Québec. The Société is therefore not subject to income tax.

g) Pension plans

The staff members of the Société are covered by pension plans offered to government and public employees of Québec. The Société's contribution to these plans totalled $646 000 (2000, $1 043 000) and was established by the Commission administrative des régimes de retraite et d'assurances du Québec and covers current service.

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001 and 2000
(in thousands of dollars)

3. SUBSIDIES

	2001	2000
Subsidies recorded in the statement of results		
Station écotouristique Duchesnay	575	575
Parcs Québec network		3 000
Other		2 588
	575	6 163
Subsidies for immovables	36 390	2 980
Subsidy recorded to contributed surplus and Transferred to the accumulated deficit	7 000	15 000

During fiscal 2001, the Société was granted a subsidy of $7 000 000 (2000, $15 000 000) to be used to repay certain borrowings This subsidy was posted to the contributed surplus, which was used to reduce the accumulated deficit.

4. DISCONTINUED OPERATIONS

On May 12, 1994, the Government announced the privatization of the Parc du Mont-Sainte-Anne and, during the following fiscal year, disposed of the financial assets. In the financial statement for the fiscal year ended May 31, 1994, the Société recorded a loss following this decision to cover transaction costs, the loss of disposition of assets and to reflect the period for cashing the amounts receivable, which could extend as far as 2029.

Assets related to discontinued operations comprise receivables resulting from the transaction and liabilities include accounts payable and accrued costs.

The item "abandoned activities" on the balance sheet includes the following amounts:

	2001	2000
Transfer from capitalized discount	964	892
Government subsidy to offset disbursements related to the debt for the Parc du Mont-Sainte-Anne (Note 3)		13 795
Interest on borrowings for the Parc du Mont-Sainte-Anne		(280)
Revision of the items accounts payable and accrued costs		1 230
	964	15 637

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001 and 2000
(in thousands of dollars)

5. FIXED ASSETS

	2001		
	Cost	Accumulated depreciation	Net value
Land	4 092		4 092
Buildings and infrastructures	72 489	12 955	59 534
Ski lifts	1 233	478	755
Automotive equipment	3 155	2 058	1 097
Furniture, equipment, leasehold improvement	11 190	6 912	4 278
	92 159	22 403	69 756

	2000		
	Cost	Accumulated depreciation	Net value
Land	3 802		3 802
Buildings and infrastructures	47 817	10 420	37 397
Ski lifts	1 233	416	817
Automotive equipment	2 324	1 861	463
Furniture, equipment, leasehold improvement	7 911	5 925	1 986
	63 087	18 622	44 465

6. SHORT-TERM DEBT

The bank loan of a total authorized amount of $13 000 000 negotiable by short-term bank acceptances bears interest at a rate of 5.35%.

Short-term debts include the following items:

	2001	2000
Bank loan	3 000	7 169
Excess of outstanding cheques over bank balance		303
	3 000	7 472

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001 and 2000
(in thousands of dollars)

7. LONG-TERM DEBT

	2001	2000
Borrowing, of total authorized amount of $20 000 000, bearing interest at rate of 5.35%, whose balance at March 31, 2001 was repaid on April 2, 2001	3 000	6 000
Borrowings bearing interest at various rates, from 4.68% to 5.51%, repaid in fiscal 2001		4 294
Borrowing from the Government of Canada under the Canada-Québec Subsidiary Agreement on Tourism Development, interest-free, repayable in semi-annual instalments of $200 000, maturing in 2009	2 600	3 000
	5 600	13 294
Less: Portion due within one year	3 400	877
	2 200	12 417

Payments of principal on the long-term debt for the next five fiscal years break down as follows:

2002	3 400
2003	400
2004	400
2005	400
2006	400

8. CAPITAL STOCK

	2001	2000
Authorized:		
Pursuant to its incorporating act, the Société is authorized to issue to the Minister of Finance 750 000 common voting shares with a par value of $100		
Issued:		
268 617 shares issued as payment for the transfer of assets	26 862	26 862
282 250 shares paid in cash (2000, 251 250 shares)	28 225	25 125
	55 087	51 987

During the fiscal year, the Société issued 31 000 shares (2000, 10 000 shares) for a cash consideration of $3 100 000 (2000, $1 000 000).

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 2001 and 2000
(in thousands of dollars)

9. COMMITMENTS

The Société is bound by leases for a total balance of commitments of $2 765 536, excluding escalator clauses. The minimum lease payments for the next five fiscal years are as follows:

2002	639
2003	591
2004	591
2005	591
2006	242

Furthermore, at March 31, 2001, the Société committed to incurring fixed asset costs of $1 883 000 in the next fiscal year.

10. CONTINGENCIES

The Société is being sued for damages suffered by third parties. The management's opinion, the amounts involved are not significant and, consequently, no provision is made in the Société's financial statements.

11. FINANCIAL EXPENSES

Financial expenses include interest on the long-term debt of $938 000 (2000, $296 000).

12. OTHER ITEMS

"Other items" in the statement of results comprises the following amounts:

	2001	2000
Gains (losses)on disposition of assets	(107)	214
Major work		(5 953)
Revision of the provision for Vacation time and sick leave banks		(843)
	(107)	(6 582)

13. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Société des établissements de plein air du Québec (SÉPAQ) were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains an accounting system and a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. The audit committee meets with management and the auditor, reviews the financial statements and recommends their approval to the board of directors.

The accounting firm of Arthur Andersen & Cie, general partnership, chartered accountants, has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards, and its report states the nature and scope of its audit as well as its opinion. The auditor may, without restriction, meet with the audit committee to discuss any element concerning its audit.

Yvan Bilodeau
President and Chief Executive Officer

Réal Couture
Director,
Administration and Finance

Québec, May 25, 2001

AUDITORS' REPORT

To the Minister of Finance

We have audited the balance sheet of the Société des établissements de plein air du Québec as at March 31, 2001 and 2000, and the statements of income, accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Société's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in Canada.

Arthur Andersen & Cie
General Partnership
Chartered Accountants

Québec, May 25, 2001

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC
(R.S.Q., c. S-14)

INCOME AND DEFICIT
for the year ended March 31, 2001

	2001	2000 (Note 20)
EXPENDITURE		
Operating expenses (Note 3)	$33 329 352	$31 356 052
Administrative expenses (Note 4)	3 176 928	3 038 506
Depreciation of fixed assets	11 161 447	11 508 227
Reduction of value of fixed assets		702 837
Financial expenses	5 140 975	5 664 695
	52 808 702	52 270 317
REVENUE		
Vehicle transport	7 025 202	7 263 321
Passenger transport	5 406 998	5 398 487
Other (Note 5)	711 448	418 649
	13 143 648	13 080 457
LOSS BEFORE GOVERNMENT CONTRIBUTIONS	39 665 054	39 189 860
GOVERNMENT CONTRIBUTIONS (Note 6)	40 104 980	39 919 740
NET INCOME	439 926	729 880
DEFICIT, BEGINNING OF YEAR	9 092 110	9 821 990
DEFICIT, END OF YEAR	$8 652 184	$9 092 110

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$2 664 673	$2 686 654
Term deposit, rate of 5.4% (2000: 5.05%)	2 151 609	24 464
Accounts receivable (Note 7)	1 135 500	2 752 735
Contribution to be recovered from the Government (Note 8)	1 161 146	1 062 375
	7 112 928	6 526 228
Subsidy receivable for the transfer of federal wharves (Note 12)	35 634 807	
Contribution to be recovered from the Government (Note 8)	22 324 566	18 066 919
Fixed assets (Note 9)	99 020 714	74 190 962
	$164 093 015	$98 784 109
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$4 784 420	$4 587 848
Instalments on long-term debt (Note 10)	5 149 152	4 667 369
	9 933 572	9 255 217
Rent collected in advance	168 000	174 000
Long-term debt (Note 10)	84 581 582	89 730 734
Deferred government contribution		
Related to the financial compensation from the transfer of federal wharves (Note 12)	35 634 807	
Related to fixed assets (Note 13)	40 927 238	7 216 268
	76 562 045	7 216 268
	171 245 199	106 376 219
SHAREHOLDER'S EQUITY (DEFICIT)		
Capital stock (Note 14)	1 500 000	1 500 000
Deficit	(8 652 184)	(9 092 110)
	(7 152 184)	(7 592 110)
	$164 093 015	$98 784 109

COMMITMENTS (Note 15)

On behalf of the Board of Directors,
André D'Astous
Yvan Desgagnés

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Net income	$439 926	$729 880
Adjustments for:		
Depreciation of fixed assets	11 161 447	11 508 227
Reduction of value of fixed assets		702 837
Increase in contribution to be recovered from the Government	(4 356 418)	(5 144 556)
Transfer of deferred Government contributions	(2 982 910)	(1 513 292)
Loss on disposal of fixed assets	14 412	80 771
Decrease in rent collected in advance	(6 000)	(6 000)
	4 270 457	6 357 867
Change in certain elements of assets and short-term liabilities apart from cash and cash equivalents:		
Accounts receivable	1 332 428	(665 029)
Accounts payable and accruals	(169 126)	157 030
Cash flows provided by operating activities	5 433 759	5 849 868
INVESTMENT ACTIVITIES		
Acquisition of fixed assets (Note 11)	(416 329)	(1 031 264)
Proceed from disposal of fixed assets	301 721	517
Cash flows used for investment activities	(114 608)	(1 030 747)
FINANCING ACTIVITIES		
Government contribution for fixed assets (Note 11)	1 453 382	912 007
Repayment of long-term debt	(4 667 369)	(4 262 327)
Cash flows used for financing activities	(3 213 987)	(3 350 320)
INCREASE IN CASH AND CASH EQUIVALENTS	2 105 164	1 468 801
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2 711 118	1 242 317
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 16)	$4 816 282	$2 711 118

1. CONSTITUTION AND PURPOSE

The Société des traversiers du Québec is a joint-stock company established under a special act (R.S.Q., chapter S-14) for the purpose of providing transportation services by ferryboat across rivers and lakes situated in Québec. Its shares are part of the public domain of Québec and are reserved for the Minister of Finance.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Fixed Assets

Fixed assets acquired by donation are valued at historical cost, appraised value or their municipal assessment. Other fixed assets are recorded at acquisition cost, which includes interest accrued during construction and repair work.

Fixed assets are depreciated according to the following methods and rates:

	Method	Rate
Wharves	Diminishing balance	5%
Buildings	Diminishing balance	10%
Vessels	Diminishing balance	15%
Fixtures and equipment	Diminishing balance	20%
Automotive equipment	Diminishing balance	30%
Leasehold improvements	Straight-line	Term of lease
Vessels leased under capital leases	According to repayment of principal on corresponding commitments	

Contribution to be Recovered from the Government

The contribution to be recovered from the Government corresponds to the difference between the interest expenses accrued on borrowings from the Financing Fund for the acquisition of fixed assets plus the accumulated depreciation on those assets, and the subsidies received from the Gouvernement du Québec to make the payments on said borrowings.

Deferred Government Contributions

Subsidies for the acquisition of fixed assets and the valuable consideration assigned to assets acquired by donation are recorded as deferred Government contributions and are transferred to operations using the same methods and rates of depreciation as those used for the fixed assets concerned.

The subsidy and related financial proceeds bound by an external appropriation to charges for future fiscal years are posted to proceeds in the fiscal year during which the corresponding charges are posted.

Cash and cash equivalents

The Société's policy consists in presenting under cash and cash equivalents bank balances including bank overdrafts whose balances fluctuate often between overdraft and available and short-term investments maturing within three months of the date they were acquired.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

3. OPERATING EXPENSES

	2001	2000
		(Note 20)
Salaries and fringe benefits	$16 947 084	$16 659 286
Operating contracts	1 518 883	1 760 288
Fuel	4 219 208	3 047 551
Maintenance and repairs – Vessels	4 673 683	4 640 214
Maintenance and repairs – Wharves	2 032 656	1 424 647
Maintenance and repairs – Buildings	458 418	474 355
Property and school taxes	823 477	788 929
Insurance	1 102 146	1 273 752
Other	2 004 460	1 879 587
Amounts recovered from insurers	(450 663)	(592 557)
	$33 329 352	$31 356 052

4. ADMINISTRATIVE EXPENSES

	2001	2000
		(Note 20)
Salaries and fringe benefits	$2 383 414	$2 260 749
Staff training	152 574	111 717
Stationery and printing	84 956	64 858
Professional fees	158 123	209 608
Other	397 861	391 574
	$3 176 928	$3 038 506

5. OTHER REVENUE

	2001	2000
		(Note 20)
Interest on bank deposits	$303 879	$155 703
Interest on adjustment to the Commission de la santé et de la sécurité du travail assessment	30 208	11 438
Docking fees	34 770	
Parking and miscellaneous	76 152	58 580
Vending machines and food concession	207 396	183 667
Advertising	56 132	56 691
Vessel rental		20 070
Space rental	17 323	13 271
Loss on disposal of fixed assets	(14 412)	(80 771)
	$711 448	$418 649

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

6. GOVERNMENT CONTRIBUTIONS

	2001	2000 (Note 20)
Gouvernement du Québec subsidies		
Operating subsidy	$32 765 652	$33 261 892
Government contributions collectable	4 356 418	5 144 556
	37 122 070	38 406 448
Transfer of deferred Government contributions		
Related to the financial compensation from the transfer of federal wharves (Note 12)	665 193	
Related to fixed assets (Note 13)	2 317 717	1 513 292
	2 982 910	1 513 292
	$40 104 980	$39 919 740

7. ACCOUNTS RECEIVABLE

	2001	2000
Transportation sector	$293 646	$290 510
Government sector	20 442	63 146
Ministère des Transports subsidy receivable		1 320 100
Subsidy receivable for the transfer of federal wharves (Note 12)	665 193	
Accident claims receivable		994 862
Other	156 219	84 117
	$1 135 500	$2 752 735

8. CONTRIBUTION TO BE RECOVERED FROM THE GOVERNMENT

The Government committed to paying the Société the sums required to discharge its obligations regarding borrowings from the Financing Fund for the acquisition of fixed assets, after ensuring that the Société is unable to discharge them itself.

The contribution to be recovered is as follows:

	2001	2000
Opening balance	$19 129 294	$13 984 737
Depreciation of fixed assets	6 681 239	7 432 033
Accrued interest on borrowings	4 659 943	4 697 288
	30 470 476	26 114 058
Government contributions received	(6 984 764)	(6 984 764)
Closing balance	$23 485 712	$19 129 294

8. CONTRIBUTION TO BE RECOVERED FROM THE GOVERNMENT (cont'd)

This balance relates to the following balance sheet items:

	2001	2000
Borrowings from the Financing Fund (Note 10)	$64 179 324	$60 728 927
Unamortized cost of fixed assets financed on a long-term basis (Note 9)	(41 854 758)	(42 662 008)
	22 324 566	18 066 919
Accrued interest on borrowings	1 161 146	1 062 375
	$23 485 712	$19 129 294

9. FIXED ASSETS

	2001					2000
	Financed on a long-term basis (Note 8)	Acquired from the Gouvernement du Québec	Acquired by donation (Note 13)	Other	Total	Total
Cost						
Land			$63 794	$18 145	$81 939	$81 939
Wharves	$932 712	$23 108 643	39 376 826	74 622	63 492 803	27 962 151
Buildings		1 707 067	5 236 229	696 399	7 639 695	7 540 269
Vessels	92 118 185		29 228 709	866 586	122 213 480	100 938 049
Vessels leased under capital leases						25 957 545
Fixtures and equipment			12 738	1 685 626	1 698 364	1 545 378
Automotive equipment				91 346	91 346	91 346
Leasehold improvements			215 930	637 793	853 723	853 723
	93 050 897	24 815 710	74 134 226	4 070 517	196 071 350	164 970 400
Accumulated depreciation						
Wharves	192 005	7 777 896	4 257 215	50 283	12 277 399	9 989 488
Buildings		972 233	2 234 476	384 868	3 591 577	3 152 139
Vessels	51 004 134		27 477 763	836 095	79 317 992	57 188 954
Vessels leased under capital leases						18 732 178
Fixtures and equipment			4 168	1 031 234	1 035 402	928 273
Automotive equipment				81 579	81 579	77 392
Leasehold improvements			183 532	563 155	746 687	711 014
	51 196 139	8 750 129	34 157 154	2 947 214	97 050 636	90 779 438
Net Value	$41 854 758	$16 065 581	$39 977 072	$1 123 303	$99 020 714	$74 190 962

10. LONG-TERM DEBT

	2001	2000
Owed to the Gouvernement du Québec, payable on request, interest-free and according to the terms agreed upon by the Minister of Finance and the Société under an agreement regarding the Government's transfer of buildings and wharves to the Société	$25 551 410	$25 551 410
Borrowings from the Financing Fund, 8.49%, repayable in semi-annual instalments of $1 766 415, maturing June 2011	24 207 986	25 600 238
Borrowing from the Financing Fund, 6.96%, repayable in semi-annual instalments of $1 725 967, maturing January 2018	34 097 349	35 128 689
Borrowing from the Financing Fund, 5.97%, repayable in semi-annual instalments of $749 720, maturing April 2003	3 395 597	
Borrowing from the Financing Fund, 5.85%, repayable in semi-annual instalments of $672 490, maturing November 2002	2 478 392	
Commitments under capital leases, at rate varying from 10.6% and 10.8%, maturing up to 2001		8 117 766
	89 730 734	94 398 103
Instalments due within one year	5 149 152	4 667 369
	$84 581 582	$89 730 734

Payments of principal on loans for the next five fiscal years are as follows:

2002	$5 149 152
2003	5 479 486
2004	3 730 392
2005	3 288 486
2006	3 549 652

11. TRANSFER OF FEDERAL WHARVES

Under an agreement signed on March 30, 2001, effective June 19, 2000, the Gouvernement du Québec transferred to the Société ownership of port facilities of an assigned value of $35 525 305, located on the site of the ten ferry terminals received from the Government of Canada, and financial compensation of $36 300 000 associated with this transfer. Under this agreement, the Société must use this lump sum, as well as the proceeds from its investment, exclusively for the operation, maintenance and repair of the ten terminals.

12. DEFERRED GOVERNMENT CONTRIBUTIONS RELATED TO FINANCIAL COMPENSATION FROM THE TRANSFER OF FEDERAL WHARVES

	2001
Contribution to the fiscal year (Note 11)	$36 300 000
Transfer to operations of an amount equivalent to maintenance and repair costs for the federal wharves	(665 193)
	$35 634 807

This balance relates to the following items:

Subsidy receivable for the transfer of federal wharves	$35 634 807

13. DEFERRED GOVERNMENT CONTRIBUTIONS RELATED TO FIXED ASSETS

	2001	2000
a) Gouvernement du Québec		
Opening balance	$7 061 198	$7 439 256
Contribution for the fiscal year	503 382	1 112 007
	7 564 580	8 551 263
Transfer to operations of the following amounts:		
Amortization of fixed assets subsidized or acquired by donation	(602 920)	(1 490 065)
Unamortized balance on fixed asset disposed of during the fiscal year	(301 000)	
Closing balance	6 660 660	7 061 198
b) Gouvernement du Canada		
Opening balance	155 070	178 297
Contribution to the fiscal year (Note 11)	35 525 305	
	35 680 375	178 297
Transfer to operations of an amount equal to the depreciation of subsidized or donated fixed assets	(1 413 797)	(23 227)
Closing balance	34 266 578	155 070
	$40 927 238	$7 216 268

13. DEFERRED GOVERNMENT CONTRIBUTIONS RELATED TO FIXED ASSETS (cont'd)

This balance relates to the following items:

	2001	2000
Land	$63 794	$63 794
Wharves	35 119 611	1 029 722
Buildings	3 001 753	3 329 022
Vessels	1 750 946	1 830 907
Fixtures and equipment	8 570	8 103
Leasehold improvements	32 398	43 194
	39 977 072	6 304 742
Unexpended balance of subsidy for the acquisition of fixed assets	950 166	911 526
	$40 927 238	$7 216 268

14. CAPITAL STOCK

	2001	2000
Autorized:		
100 000 shares with a par value of $100 each		
Issued and paid up:		
15 000 shares	$1 500 000	$1 500 000

15. COMMITMENTS

The Société is committed to long-term leases, expiring in 2004, for office space at the Lévis terminal and the Port of Québec. The Lévis terminal lease includes an initial 15-year renewal option and a subsequent 14-year renewal option.

Under service agreements with three water carriers aimed at maintaining ferry services, the Société is committed to paying these carriers an annual amount to cover certain allowances and to make up their budgetary deficit.

Lease payments for the year ended March 31, 2001 amount to $60 015. Remuneration paid to carriers amounts to $1 518 883.

At March 31, 2001, the Société's commitments were as follows:

	Leases	Services agreements *
2002	$55 166	$1 502 991
2003	55 166	1 531 683
2004	55 166	1 560 480
2005	28 878	1 143 873
2006		1 004 925
	$194 376	$6 743 952

* Based on an estimate of projected contract costs and budgetary deficits of carriers.

15. COMMITMENTS (cont'd)

On March 28, 2000, the Gouvernement du Québec authorized payment of a subsidy in the amount of $950 000 to the Société for the extension of the Tadoussac wharf. Professional fees of $56 070 were capitalized at March 31, 2001.

16. CASH FLOWS

	2001	2000
Cash and cash equivalents		
Cash on hand	$2 664 673	$2 686 654
Term deposit	2 151 609	24 464
	$4 816 282	$2 711 118

Interest paid during the fiscal year amounts to $5 406 325 (2000: $5 796 681).

17. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

18. PENSION PLANS

– Government and Public Employees Retirement Plan (RREGOP)

Most of the staff members of the Société participate in the Government and Public Employees Retirement Plan. This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $297 095 (2000: $385 046). The liability of the Société towards this Government plan is restricted to its contributions as an employer.

At March 31, 2000 and March 31, 2001, the Société had short-term bank lines of credit totalling $10 000 000 which it had not touched. These lines of credit are short-term operating credit facilities authorized until July 31, 2002 that bear interest at the prime rate and are not guaranteed by defined Société assets.

19. FINANCIAL INSTRUMENTS

The book value of current assets and liabilities is a reasonable estimate of their fair value given their pending maturity.

The fair value of long-term debts could not be evaluated with reasonable assurance since there is no market for this type of debt.

At March 31, 2000 and March 31, 2001, the Société had short-term bank lines of credit totalling $10 000 000 which it had never used. These credit lines are short-term operating credit facilities authorized until July 31, 2002, bearing interest at the prime rate and not guaranteed by the assets determined by the Société.

20. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Société des traversiers du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion.

André D'Astous
President and Chief Executive Officer

Québec, May 28, 2001

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Société des Traversiers du Québec as at March 31, 2001, and the statements of income and deficit and of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Société does not use the accrual method of accounting as required by generally accepted accounting principles, to record the salaries and related fringe benefits as well as certain other expenditures that procure future economic advantages. Had these expenditures been recorded properly, the March 31, 2001 balance statement would show prepaid costs of $267 346 and the amount of accounts payables and costs incurred and the deficit would have been $1 281 285 and $1 013 959 higher respectively. Further, the expenditures for the fiscal year ended March 31, 2001 would have been $192 317 4 higher and the net profits lower by the same amount.

In my opinion, with the exception of the effects indicated in the preceding paragraph of the improper recording of certain expenditures, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 28, 2001

SOCIÉTÉ D'HABITATION DU QUÉBEC

(R.S.Q., c. S-8)

INCOME

for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999 (Note 3)
REVENUE		
Contributions (Note 5)		
Gouvernement du Québec	297 450	295 598
Canada Mortgage and Housing Corporation	231 069	238 814
	528 519	534 412
Interest on loans and other revenues	124	38 450
	528 643	572 862
EXPENDITURE		
Cost of programs (Note 5)	499 440	506 649
Administrative expenses – net (Note 6)	29 079	27 763
	528 519	534 412
Interest on borrowings – net (Note 7)	124	38 160
	528 643	572 572
NET REVENUE FOR THE YEAR		290

SURPLUS

for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
OPENING BALANCE	13 530	13 240
Adjustment (Note 3)		
Contribution – Gouvernement du Québec		33 478
Expenditure – cost of programs		(33 478)
Adjusted opening balance	13 530	13 240
Net value of goods and obligations transferred (Note 4)	(13 530)	
Net revenue for the year		290
CLOSING BALANCE		13 530

SOCIÉTÉ D'HABITATION DU QUÉBEC

BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000 (Note 4)	1999 (Note 3)
ASSETS		
Cash on hand	9 999	49 334
Accounts receivable (Note 8)	14 150	51 052
Contribution receivable		
Canada Mortgage and Housing Corporation	16 773	37 463
Gouvernement du Québec (Note 9)	9 846	28 031
Contribution recoverable – Gouvernement du Québec	5 292	4 363
Computer systems (Note 10)	3 306	3 360
Equipment (Note 11)	1 493	1 206
Loans and accrued interest		490 227
Residential buildings		1 885 889
	60 859	2 550 925
LIABILITIES		
Borrowings and accrued interest (Note 12)	6 019	2 477 351
Deferred contribution		
Canada Mortgage and Housing Corporation		5 368
Accounts payable (Note 13)	43 756	44 757
Allowance for losses on loan guarantees (Note 14)	5 292	4 363
Provision for sick leave and vacation time (Note 15)	5 792	5 556
	60 859	2 537 395
SURPLUS		13 530
	60 859	2 550 925

COMMITMENTS AND CONTINGENCIES (Notes 18 and 19)

On behalf of the Board of Directors,
Louise Charrette
Jacques Gariépy

SOCIÉTÉ D'HABITATION DU QUÉBEC

CASH FLOWS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999 (Note 3)
OPERATING ACTIVITIES		
Net revenue for the year		290
Adjustments for:		
Depreciation of computer systems	1 010	630
Depreciation of equipment	472	210
Depreciation of residential buildings		26 668
	1 482	27 798
Change in non-cash items		
Increase in accounts receivable	(3 016)	(36 634)
Decrease (increase) in contributions receivable	38 034	(4 985)
Decrease in interest receivable		144
Increase (decrease) in interest payable	2	(5 052)
Increase in deferred contribution		5 044
(Decrease) increase in accounts payable	(1 001)	32 869
Increase (decrease) in provisions payable	1 165	(1 458)
Cash flows related to operating activities	36 666	17 726
FINANCING ACTIVITIES		
New borrowings		48 857
Repayment of borrowings	(41 585)	(37 847)
Cash flows related to financing activities	(41 585)	11 010
INVESTMENT ACTIVITIES		
New investments		
Computer systems	(956)	(1 900)
Equipment	(759)	(786)
Residential buildings		(5 101)
Receipts on loans		7 854
Proceeds from disposal of an immovable		75
Cash flows related to investment activities	(1 715)	142
(DECREASE) INCREASE IN CASH ON HAND	(6 634)	28 878
CASH ON HAND, BEGINNING OF YEAR	49 334	20 456
CASH TRANSFERRED TO IMMOBILIÈRE SHQ (Note 4)	(32 701)	
CASH ON HAND, END OF YEAR	9 999	49 334
ADDITIONAL CASH FLOW INFORMATION		
Interest paid during the fiscal year	1 863	208 488

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
December 31, 2000
(in thousands of dollars)

1. CONSTITUTION AND PURPOSE

The Société d'habitation du Québec is a legal person incorporated under a special act (R.S.Q., c. S-8) to:

- inform the Minister on the requirements, priorities and objectives of all housing sectors in Québec;
- stimulate development and cooperation in respect of public and private initiatives in the field of housing;
- make low-rental housing available to the citizens of Québec;
- promote the development and implementation of programs related to housing construction, acquisition, development, restoration and management;
- facilitate the acquisition of real property by the citizens of Québec;
- promote housing improvement.

The Société d'habitation du Québec was mandated by Immobilière SHQ, a legal entity with partnership capital, agent of the State, incorporated under the Act respecting Immobilière SHQ (S.Q. 1999, c.16), to administer, in exchange for consideration, its property and the resulting obligations, and to see to the management of current business related to this property. In this regard, the Société d'habitation du Québec conferred on the Société de gestion immobilière SHQ, a legal entity incorporated under Part III of the Companies Act (R.S.Q., c. C-38), the mandate to administer certain Immobilière SHQ buildings.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared on the accrual basis in accordance with the accounting policies disclosed below. These statements include amounts based on best estimates and judgments.

a. Computer Systems

Costs related to computer systems development are capitalized. Cost includes system design, production, installation and upgrading. They are amortized using the straight-line method over a period of five years.

b. Equipment

Acquisitions of equipment are capitalized They are amortized using the straight-line method over a period of three years.

c. Allowance for Loss on Loan Guarantees

The allowance is based on a rate established according to past fulfilment.

d. Contributions

Contributions to the cost of programs for the year are charged to operations where the cost of these programs is also recorded.

The Canada Mortgage and Housing Corporation acts on behalf of the Government of Canada concerning the programs contemplated by Canada-Québec framework agreements.

e. Cost of Programs

Non-profit housing program

For the purpose of management of the non-profit housing program, the Société has entered into agreements with certain agents concerning the management of housing projects for a period not exceeding 50 years. These agreements provide, among other things, for the payment by the Société of a subsidy to help reduce entirely or partially (generally 90%) the operating losses of the projects under management.

2. ACCOUNTING POLICIES (cont'd)

e. Cost of Programs (suite)

Non-profit housing program (suite)

The cost of the non-profit housing program is established from the budgets approved by the Société. The cost includes adjustments arising from the analysis and approval by the Société of the audited financial statements of these agents for the past fiscal years.

Rent supplement program

When the rent supplement program is aimed at agents with whom the Société has entered into agreements for a period not exceeding 35 years, the cost of the program is established on the basis of requests for grants filed by these agents and approved by the Société or, where applicable, estimates prepared and approved by the Société. The cost also includes adjustments to past fiscal years arising from the analysis and approval by the Société of the required financial reports.

When program benefits are granted to individuals, the Société records the cost in accordance with the accounting policy used for "Other programs".

Rénove

The cost of this program includes interest on guaranteed loans and the annual allowance for contingent losses arising from the fulfilment of guarantees by financial institutions. It may also include the sums payable to the agents responsible for managing this program, where applicable.

Canada-Québec Rehabilitation Assistance Program, rental building renovation program, residential adaptation assistance program, assistance program for the improvement of nursing homes, assistance program for the revitalization of core areas and RénoVillage (assistance for renovation in rural areas).

The financial assistance granted takes the form of a loan with the possibility of forgiveness for the Canada-Québec Rehabilitation Assistance Program and the assistance programs for rental building renovation and improvement of nursing homes. It takes the form of a subsidy for the residential adaptation assistance program, the assistance program for the revitalization of core areas and RénoVillage (assistance for renovation in rural areas). The loan or subsidy is entered as an expenditure for the current year as soon as its payment has been approved by the Société. The cost of these programs may include the sums payable to the agents responsible for managing them, where applicable.

Virage Rénovation (Home renovation stimulation program), Achat-Rénovation program for non-profit, cooperative housing and AccèsLogis program for non-profit cooperative housing

The cost of these programs includes interest on guaranteed loans, capital grants and the annual allowance for contingent losses arising from the fulfilment of loan guarantees by financial institutions. The capital grant is entered as an expenditure for the current year as soon as its payment has been approved by the Société. The cost of these programs may include the sums payable to the agents responsible for managing them, where applicable.

Housing allowance for the elderly and families and other programs

The cost of the Housing allowance for the elderly and families and of each of the other programs is recorded when grant applications have been approved by the Société or its agent, as the case may be, and the resulting payments fall due before the end of the year in question. Cost may also include the expenses incurred by the Société for the purchase of services, or the sums payable to the agents responsible for managing these programs, where applicable.

f. Pension Pans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGE IN ACCOUNTING POLICY

As of the current fiscal year, expenditures for improvements and repairs to buildings belonging to non-profit organizations and Immobilière SHQ and subsidized under the Non-profit housing program, are recorded in their entirety to the operating deficit of the fiscal year in which they are incurred. Previously the Gouvernement du Québec's share, attributable to these expenditures, was capitalized and posted to "Loans and interest incurred" or "Housing buildings", as the case may be, and was reimbursed or amortized according to the straight-line method over a five-year period.

The retroactive application of this change increases (decreases) the following items in the financial statements:

	2000	1999
Income		
Contribution – Gouvernement du Québec	3 812	7 265
Cost of programs	3 812	7 265
Balance sheet		
Residential buildings		(20 268)
Loans and accrued interest		(20 475)
Contribution receivable – Gouvernement du Québec		28 031
Deferred contribution – Gouvernement du Québec		(12 712)

4. TRANSFER OF GOODS AND OBLIGATIONS

As of January 1, 2000, the activities related to the housing buildings belonging to the Société and to the loans extended by the latter to municipal housing offices or other non-profit organizations, as well as the related assets and liabilities, with the related rights and obligations, were transferred to Immobilière SHQ in keeping with the latter's incorporating statute assented to on June 19, 1999.

These assets and liabilities were transferred at their net book value:

	2000
Assets	
Cash on hand	32 701
Accounts receivable – Other	39 918
Contribution receivable – Gouvernement du Québec	(88)
Loans and accrued interest	490 227
Residential buildings	1 885 889
	2 448 647
Liabilities	
Borrowings and accrued interest	2 429 749
Deferred contribution – Canada Mortgage and Housing Corporation	5 368
	2 435 117
Net value of property and obligations transferred	13 530

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

5. COST AND CONTRIBUTIONS TO PROGRAMS

	2000			1999		
		Contributions			Contributions	
Programs	Cost	Gouvernement du Québec	CMHC (a)	Cost	Gouvernement du Québec	CMHC (a)
Public housing assistance						
Non-profit housing						
Public						
Regular component	215 845	87 077	128 768	213 472	85 643	127 829
Inuit component	51 290	21 668	29 622	52 010	23 772	28 238
	267 135	108 745	158 390	265 482	109 415	156 067
Private						
Housing cooperatives and non-profit organizations	27 691	6 996	20 695	29 868	7 551	22 317
Native housing – urban	7 911	1 970	5 941	7 020	1 770	5 250
Native housing – rural	6 900	1 693	5 207	5 728	1 441	4 287
	42 502	10 659	31 843	42 616	10 762	31 854
	309 637	119 404	190 233	308 098	120 177	187 921
Housing allowance for the elderly and families	99 306	99 306		102 218	102 218	
Rent supplement	34 048	15 772	18 276	33 671	15 105	18 566
AccèsLogis for non-profit - cooperative housing	4 586	4 586		1 856	1 856	
Achat-Rénovation for non-profit, cooperative housing	2 257	2 257		2 270	2 270	
Assistance for community organizations	1 300	1 300		1 300	1 300	
Sub-total carried forward	451 134	242 625	208 509	449 413	242 926	206 487

5. COST AND CONTRIBUTIONS TO PROGRAMS (cont'd)

	2000			1999		
		Contributions			Contributions	
Programs	Cost	Gouvernement du Québec	CMHC (a)	Cost	Gouvernement du Québec	CMHC (a)
Sub-total brought forward	451 134	242 625	208 509	449 413	242 926	206 487
Housing improvement						
Assistance program for the revitalization of core areas	17 500	10 550	6 950	18 944	9 290	9 654
RénoVillage (Assistance for renovation in rural areas)	15 910	7 525	8 385	22 392	5 099	17 293
Assistance program for the improvement of nursing homes	9 846	8 694	1 152	8 501	7 722	779
Home adaptations for greater autonomy of seniors	1 393	339	1 054	673	169	504
Emergency repairs	1 175	289	886	628	152	476
Improvements to shelters	1 055	252	803	382	96	286
Achat-rénovation for owner occupants in the Kativik area	26	26		24	24	
Home renovation for owner-occupants in the Kativik area				45	45	
Renovation assistance program	(669)	(669)		6 633	6 633	
Sub-total	46 236	27 006	19 230	58 222	29 230	28 992
Access to home ownership						
Access to home ownership for residents of the Kativik area	1 935	1 935		515	515	
Housing in isolated regions	187	187		63	63	
Assistance to the City of Murdochville for the acquisition of houses on its territory	75	75				
Sub-total	2 197	2 197		578	578	
Amounts carried forward	499 567	271 828	227 739	508 213	272 734	235 479

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

5. COST AND CONTRIBUTIONS TO PROGRAMS (cont'd)

	2000			1999		
		Contributions			Contributions	
Programs	Cost	Gouvernement du Québec	CMHC (a)	Cost	Gouvernement du Québec	CMHC (a)
Amounts brought forward	499 567	271 828	227 739	508 213	272 734	235 479
Industrial support						
Support for the development of the Québec housing industry	484	484		559	559	
Various programs in the termination phase (b)	(611)	(410)	(201)	(2 123)	(2 412)	289
Cost of program	499 440	271 902	227 538	506 649	270 881	235 768
Administrative expenses - net (Note 6)	29 079	25 548 (c)	3 531	27 763	24 717 (c)	3 046
Total cost of programs	528 519	297 450	231 069	534 412	295 598	238 814

(a) Canada Mortgage and Housing Corporation.
(b) The various programs in the termination phase grouped together in this item are: Rental building renovation, Canada-Québec Rehabilitation Assistance, VirageRénovation (Home renovation stimulation program) and downpayment assistance.
(c) Including interest earnings of $1.453 million (1999: $0.971 million).

6. ADMINISTRATIVE EXPENSES - NET

	2000	1999
Salaries and other remuneration (Note 17)	20 792	19 601
Transportation and communications	1 650	1 501
Professional, administrative and other services	3 332	4 475
Maintenance and repairs	179	160
Rent	2 716	2 721
Materials and supplies	240	241
Equipment	137	308
Miscellaneous subsidies	305	212
Other expenses	270	197
Depreciation – computer systems	1 010	630
Depreciation –equipment	472	210
	31 103	30 256
Expenses recovered	353	513
	30 750	29 743
Expenses charged to:		
The cost of computer systems	956	1 900
Immobilière SHQ	652	
Société de gestion immobilière SHQ	63	80
	1 671	1 980
	29 079	27 763

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

7. INTEREST ON BORROWINGS - NET

	2000	1999
Interest on term loan	1 865	1 097
interest on short-term financing and other		201 513
	1 865	202 610
Interest charged to		
The non-profit program	1 549	164 345
The administration expenses	192	105
	1 741	164 450
	124	38 160

8. ACCOUNTS RECEIVABLE

	2000	1999
Gouvernement du Québec	1 741	1 240
Other	12 409	49 812
	14 150	51 052

9. CONTRIBUTION RECEIVABLE – GOUVERNEMENT DU QUÉBEC

	2000	1999
Changes during the year		
Contribution (Notes 3 and 5)	297 450	295 598
Less:		
Contribution related to the allowance for losses on loan guarantees (Note 14)	1 127	(1 338)
Net contribution	296 323	296 936
Receipts related to the net contribution	314 596	289 154
(Decrease) increase in the contribution receivable	(18 273)	7 782
Contribution receivable, beginning of year (Note 4)	28 119	20 249
Contribution receivable, end of year	9 846	28 031

10. COMPUTER SYSTEMS

	2000	1999
Computer systems	6 006	5 050
Accumulated depreciation	2 700	1 690
	3 306	3 360

Depreciation for the year in the amount of $1.0 million (1999: $0.6 million) is charged to administrative expenses.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

11. EQUIPMENT

	2000	1999
Equipment	2 175	1 416
Accumulated depreciation	682	210
	1 493	1 206

Depreciation for the year in the amount of $0.5 million (1999: $0.2 million) is charged to the administrative expenses.

12. BORROWINGS AND ACCRUED INTEREST

	2000	1999
Financial institutions		
Term financing	6 000	49 437
Accrued interest	19	119
	6 019	49 556
CMHC		
Bonds and other		1 552 728
Other		
Bonds and other		875 067
	6 019	2 477 351

The Société d'habitation du Québec is authorized to take up short-term borrowings from financial institutions to a maximum of $30 million.

Any loan contracted under this authorization bears interest at the rate negotiated at the time of the borrowing, which generally corresponds to 1 1/2% less than the prime rate. The rate at December 31, 2000 was 5.91%.

13. ACCOUNTS PAYABLE

	2000	1999
Beneficiaries of subsidies and other	41 383	41 830
Suppliers and holdbacks on contracts	2 291	2 757
Amounts held for funding agencies (Note 16)	82	170
	43 756	44 757

14. ALLOWANCE FOR LOSSES ON LOAN GUARANTEES

	2000	1999
Opening balance	4 363	5 929
Allowance for the year	1 127	(1 338)
Fulfilment of guarantees	(198)	(228)
Closing balance	5 292	4 363

14. ALLOWANCE FOR LOSSES ON LOAN GUARANTEES (cont'd)

The allowance break downs as follows:

	2000	1999
Programs		
AccèsLogis for non-profit, cooperative housing	3 296	1 421
Achat-Rénovation for non-profit, cooperative housing	1 589	1 589
Assistance for community housing	302	302
Renovation assistance	105	1 051
	5 292	4 363

15. PROVISION FOR SICK LEAVE AND VACATION TIME

	2000			1999
	Sick leave	Vacation time	Total	Total
Opening balance	3 897	1 659	5 556	5 448
Expenditures for the year	510	1 406	1 916	1 890
Benefits paid during the year	(236)	(1 444)	(1 680)	(1 782)
Closing balance	4 171	1 621	5 792	5 556

16. SUMS HELD ON BEHALF OF GRANTING AGENCIES

The sums receive from granting agencies under the Achat-Rénovation and the AccèsLogis programs for non-profit, cooperative housing are redistributed to organizations working in the non-profit, cooperative housing sector.

	2000	1999
Opening balance	170	17
Plus:		
Sums received from granting agencies	550	358
Interest on bank deposits	6	4
	726	379
Less:		
Amounts paid out	644	209
Closing balance	82	170

The amount held at year-end is posted to "Cash on hand" under the heading "Assets" and to "Accounts payable" under the heading "Liabilities".

17. PENSION PLANS

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement or death.

17. PENSION PLANS (cont'd)

The Société's contributions charged to the year-end statement and recorded as administrative expenses amount to $0.6 million (1999: $0.9 million). The liability of the Société towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

18. COMMITMENTS

Achat-Rénovation program for non-profit, cooperative housing and AccèsLogis program for non-profit, cooperative housing

The Société repays the principal and interest on all loans contracted under the Achat-Rénovation and the Accès-Logis programs, up to the grant amount committed by the Société. As at December 31, 2000, these commitments amount to $56 million (1999: $34 million).

19. CONTINGENCIES

Secured loans

For the Home renovation stimulation program, Rénove, Achat-Rénovation program for non-profit, cooperative housing, AccèsLogis program for non-profit cooperative housing, the Société guarantees the reimbursement of loans granted by financial institutions. The amount of loans thus guaranteed totalled $98 million at December 31, 2000 (1999: $74 million).

The Société entered into agreements with the Canada Mortgage and Housing Corporation in relation to the non-profit private housing program, the assistance for community housing program and the housing assistance program for isolated regions. Pursuant to these agreements, the Société has agreed to acquire the properties of which it has recovered possession following a default in payment by the borrower, for a purchase price equal to the value of the claim paid to the approved lender plus incidental expenses. The balance of the loans which are subject to these agreements totalled approximately $427 million as at December 31, 2000 (1999: $436 million).

Programs for which a provision for losses is required are disclosed in Note 14.

Lawsuits

The balance of court proceedings in damages and interest instituted against the Société amounts to $2.9 million. In the opinion of the Société, these lawsuits can result in no significant liability.

20. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements an recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not conclude any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

21. COMPARATIVE FIGURES

Certain 1999 figures were reclassified for consistency with the presentation adopted in 2000.

MANAGEMENT'S REPORT

The financial statements of the Société d'habitation du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies, which are disclosed in Note 2 of the financial statements. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements. The internal audit department carries out audits periodically to ensure that the internal controls applied regularly by the Société are appropriate and consistent.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it. The board of directors oversees the way in which management fulfils its financial reporting responsibilities, meets with management and the auditor, and reviews and approves the financial statements.

The Auditor General of Québec has conducted an audit of the Société's financial statements and his report states the nature and scope of his audit as well as his opinion.

Jacques Gariépy
President and Chief Executive Officer

Yves Poirier
Vice-President, Business Strategies and Support

Québec, May 4, 2001

AUDITOR'S REPORT

To the National Assembly

I have examined the balance sheet of the Société d'habitation du Québec as at December 31, 2000, and the statements of income, surplus and of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at December 31, 2000, and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies disclosed in Note 2. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in recording expenditures for building improvement and repair, disclosed in Note 3, these policies were applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, May 4, 2001

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE
(R.S.Q., c. S-8.1)
GENERAL FUND

REVENUE AND EXPENDITURE AND CHANGES IN FUND BALANCE
for the year ended March 31, 2001

	General Fund		Financial Assistance Fund	
	2001	2000	2001	2000
REVENUE				
Subsidies from the Gouvernement du Québec				
Operating	$121 000	$75 000		
Guarantee fees	15 798	15 813		
Special financing event		18 083		
Interest on bank deposits and short-term investments	2 626	1 017	$111 120	$98 940
Reimbursement of rental payments	6 557			
Other revenue	612	2 045		
Donations			5 000	10 000
Payments recovered for fulfilment of loan guarantees			5 188	8 705
	146 593	111 958	121 308	117 645
LIABILITIES				
Salaries and fringe benefits		41 052		
Rent		18 041		
Professional, administrative and other services (Note 4)	130 053	135 807		
Transportation and communications (Note 5)	5 994	4 937		
Special financing event		29 253		
Printing and office expenses	1 596	1 324		
Office equipment rental		1 251		
Equipment	46	40		
Allowance for fulfilment of loan guarantees			133 089	27 217
	137 689	231 705	133 089	27 217
EXCESS OF REVENUE (EXPENDITURE) OVER EXPENDITURE (REVENUE)	8 904	(119 747)	(11 781)	90 428
OPENING FUND BALANCES (DEFICITS)	(39 741)	(94 994)	1 669 652	1 754 224
Interfund transfers	48 460	175 000	(48 460)	(175 000)
CLOSING FUND BALANCES (DEFICITS)	$17 623	$(39 741)	$1 609 411	$1 669 652

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE

BALANCE SHEET
as at March 31, 2001

	2001			2000		
	General Fund	Financial Assistance Fund	Total	General Fund	Financial Assistance Fund	Total
ASSETS						
Current assets						
Cash on hand	$54 811	$8 345	$63 156	$77 441	$28 571	$106 012
Accounts receivable				1 464		1 464
Prepaid expenses				2 089		2 089
Short-term investments and accrued interest (Note 7)		1 990 203	1 990 203		2 039 368	2 039 368
	$54 811	$1 998 548	$2 053 359	$80 994	$2 067 939	2 148 933
LIABILITIES						
Current liabilities						
Accounts payable and accruals	$4 188		$4 188	$31 389		$31 389
Amount owing to a management corporation, interest-free	33 000		33 000	64 346		64 346
Deferred Gouvernement du Québec subsidy				25 000		25 000
Allowance for fulfilment of loan guarantees (Note 6)		$389 137	389 137		$398 287	398 287
CONTINGENCY (Note 8)	37 188	389 137	426 325	120 735	398 287	519 022
FUND BALANCE						
Appropriated		1 609 411	1 609 411		1 669 652	1 669 652
Unappropriated	17 623		17 623	(39 741)		(39 741)
	17 623	1 609 411	1 627 034	(39 741)	1 669 652	1 629 911
	$54 811	$1 998 548	$2 053 359	$80 994	$2 067 939	$2 148 933

On behalf of the Board of Directors,
Benoît Cyr
Hélène Desmarais

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION, PURPOSE AND FINANCING

The Société d'Investissement Jeunesse, a legal person established in the public interest and not-for-profit corporation incorporated by the Act respecting the Société d'Investissement Jeunesse (R.S.Q., c. S-8.1), was privatized during the fiscal year through the coming into effect on February 28, 2001 of the Act respecting the Société d'Investissement Jeunesse (Q.S. 2000, c.62). The Société continues to exist as a legal person established for private interest governed by Part III of the Companies Act (R.S.Q., c. C-38). Letters patent were issued on February 28, 2001. The Société's functions are:

- developing entrepreneurship among young people with the cooperation of private or public undertakings;
- providing young people wishing to establish an undertaking with financial or technical assistance;
- promoting the creation of jobs for young people through any suitable measures, such as financial and technical assistance for the establishment or expansion of undertakings;
- promoting the exchange of expertise and information between undertakings and young entrepreneurs;
- promoting the sponsorship of young entrepreneurs by business people; and
- seeking and receiving donations, bequests and other contributions;
- constituting and administering any fund required to carry out its functions.

To date, the Société's operations were funded primarily by government subsidies. Since the government ceased subsidizing the Société during the year, its existence depends on outside funding sources. Various funding options were studied and, in management's opinion, it is relatively certain that sufficient funding to cover operating expenses will be obtained.

2. MAIN ACCOUNTING POLICIES

Fund accounting

The Société uses the appropriated fund accounting method to record contributions.

General Fund

The General Fund includes the Société's current operations other than those related to the Financial Assistance Fund.

Financial Assistance Fund

The Société established a financial assistance fund to receive donations. These contributions are assigned by donors externally and are used as guarantee deposits for loans endorsed by the Société.

This fund covers losses and expenses related to the fulfilment of guarantees on loans extended for business projects, such as the start-up or acquisition of a business or investment in capital stock.

Revenue recognition

The contributions assigned to operating activities are recognized as products of the operating fund in the fiscal year in which the related expenditures are incurred. All other assigned contributions are recognized as proceeds of the Financial Assistance Fund.

Unappropriated contributions are recognized as proceeds of the operation fund in the fiscal year in which they are received or receivable, if the amount receivable can be reasonably estimated and it is relatively sure to be received.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

2. MAIN ACCOUNTING POLICIES (cont'd)

Allowance for fulfilment of loan guarantees

An allowance has been made for loan guarantees granted by the Société for which fulfilment is inevitable following the presentation of claims by financial institutions or is probable following analysis of guaranteed loans.

Payments recovered for fulfilment of loan guarantees

Payments recovered for fulfilment of loan guarantees are recorded on the cash basis.

3. CHANGE IN ACCOUNTING POLICIES

Due to its privatization during the fiscal year, the Société adopted generally accepted accounting principles applicable to not-for-profit organizations as defined in the Canadian Institute of Chartered Accountants handbook. These changes were applied retroactively and target mainly the presentation of the Financial Assistance Fund as concerns appropriated funds and the presentation of the results of this Fund.

4. PROFESSIONAL, ADMINISTRATIVE AND OTHER SERVICES

	2001	2000
Management fees	$124 000	$123 460
Professional fees	4 445	8 954
Equipment repairs and maintenance		709
Subscriptions and association dues		82
Insurance	1 248	1 856
Bank charges	360	746
	$130 053	$135 807

5. TRANSPORTATION AND COMMUNICATIONS

	2001	2000
Travelling and entertainment expenses	$2 897	$2 559
Communications	3 097	1 982
Postage and courier expenses		396
	$5 994	$4 937

6. ALLOWANCE FOR FULFILMENT OF LOAN GUARANTEES

	2001	2000
Opening balance	$398 287	$627 316
Payments for fulfilment of loan guarantees	142 239	256 246
	256 048	371 070
Allowance for the year	133 089	27 217
Closing balance	$389 137	$398 287

6. ALLOWANCE FOR FULFILMENT OF LOAN GUARANTEES (suite)

The provision breaks down as follows:

	2001	2000
Provision for inevitable payments followings claims by financial institutions	$70 110	$91 863
Provision for probable guarantees	319 027	306 424
	$389 137	$398 287

7. SHORT-TERM INVESTMENTS AND ACCRUED INTEREST

Short-term investments comprise a short-term deposit at the rate of 5.00% and a banker's acceptance at the rate of 4.75% maturing in April 2001 and are recorded at cost and their market value is roughly equal to their book value.

8. CONTINGENCY

At March 31, 2001, loan guarantees granted by the Financial Assistance Fund to financial institutions and not included in the allowance for fulfilment of loan guarantees totalled $1 141 051 (2000: $1 113 522).

9. RELATED PARTY TRANSACTIONS

The Société's management is entrusted to a private-sector organization. The balance of the advance resulting from its operations is presented separately in the financial statements. The related party transactions are recorded at exchange value.

10. CASH FLOWS

No cash flow statement was prepared since cash flow information is obvious from reading the other financial statements and notes to them.

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheets of the General Fund and the Financial Assistance Fund of the Société d'Investissement Jeunesse as at March 31, 2001, and the statement of revenue and expenditure and Fund balance of the General Fund and the statement of changes in Fund balance of the Financial Assistance Fund for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société's funds as at March 31, 2001, and the operating results of the General Fund and the cash flows of the Société's funds for the year then ended in accordance with the accounting policies disclosed in Note 2. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these policies were applied on a basis consistent with that of the preceding year.

Doris Paradis, CA
Acting Auditor General of Québec

Québec, May 18, 2001

SOCIÉTÉ DU CENTRE DES CONGRÈS DE QUÉBEC
(R.S.Q., c. S-14.001)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
OPERATING REVENUE		
Rental of space for events	$1 941 274	$1 879 619
Royalties (Note 4)	1 016 140	1 121 005
Ancillary operations (Note 5)	1 511 283	1 440 236
	4 468 697	4 440 860
NET EXPENSES OF OTHER REVENUE		
Hosting of events - expenses (Note 6)	957 035	1 033 017
Administrative and operating expenses (Note 7)	7 048 159	6 954 434
Taxes	3 630 668	3 571 074
Financial expenses – net (Note 8)	3 608 179	3 860 980
Other revenue	(198 501)	(154 623)
	15 045 540	15 264 882
EXCESS OF EXPENDITURE OVER REVENUE BEFORE OPERATING SUBSIDY AND OTHER ITEMS	10 576 843	10 824 022
Operating subsidy from the Gouvernement du Québec (Note 9)	9 571 102	10 255 160
EXCESS OF EXPENDITURE OVER REVENUE BEFORE THE FOLLOWING ITEMS	(1 005 741)	(568 862)
Subsidy from the Gouvernement du Québec for fixed assets (Note 9)	3 380 895	3 580 158
Gain on disposal of fixed assets		464
Depreciation of fixed assets	(4 245 953)	(4 472 810)
Amortization of deferred contributions (Note 11)	865 058	895 079
EXCESS OF EXPENDITURE OVER REVENUE	(1 005 741)	(565 971)
SURPLUS, BEGINNING OF YEAR	1 343 223	1 909 194
SURPLUS, END OF YEAR	$337 482	$1 343 223

SOCIÉTÉ DU CENTRE DES CONGRÈS DE QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$360 415	$487 129
Term deposits at rates of 5.30%	2 290 000	3 500 000
Accounts receivable and accrued interest	650 975	680 287
Subsidy to be recovered from the Gouvernement du Québec (Note 9)	470 407	1 786 325
Prepaid expenses	1 001 332	938 681
	4 773 129	7 392 422
Fixed assets (Note 10)	94 807 855	98 850 348
Deferred expenses, at amortized cost	262 668	523 151
	$99 843 652	$106 765 921
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$2 861 275	$3 027 193
Customer deposits	861 151	822 189
Instalments on long-term debt (Note 12)	5 058 939	4 928 999
	8 781 365	8 778 381
Deferred contributions (Note 11)	27 251 226	28 111 799
Long-term debt (Note 12)	61 941 329	67 000 268
	97 973 920	103 890 448
EQUITY		
Contributed surplus (Note 13)	1 532 250	1 532 250
Surplus	337 482	1 343 223
	1 869 732	2 875 473
	$99 843 652	$106 765 921

On behalf of the Board of Directors,
Claude Pinault, Director
François Noël, Director

SOCIÉTÉ DU CENTRE DES CONGRÈS DE QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of expenditure over revenue	$(1 005 741)	$(565 971)
Adjustments for:		
Gain on disposal of fixed assets		(464)
Amortization of deferred expenses	260 483	260 483
Depreciation of fixed assets	4 245 953	4 472 810
Amortization of deferred contributions	(865 058)	(895 079)
	2 635 637	3 271 779
Change in non-cash elements of the Working Capital Fund		
Decrease (increase) in accounts receivable and accrued interest	29 312	(41 023)
Decrease in the Gouvernement du Québec's retractable subsidy	1 315 918	1 203 771
Increase in prepaid expenses	(62 651)	(14 473)
Decrease in accounts payable and accruals	(165 918)	(73 338)
Increase in customer deposits	38 962	28 779
	1 155 623	1 103 716
Cash flows provided by operating activities	3 791 260	4 375 495
INVESTMENT ACTIVITIES		
Proceed from disposal of fixed assets		1 645
Acquisition of fixed assets	(203 460)	(293 864)
Cash flows used for investment activities	(203 460)	(292 219)
FINANCING ACTIVITIES		
Deferred contributions	4 485	295 110
Repayment of long-term debt	(4 928 999)	(4 805 621)
Cash flows used for financing activities	(4 924 514)	(4 510 511)
DECREASE IN CASH AND CASH EQUIVALENTS	(1 336 714)	(427 235)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3 987 129	4 414 364
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 14)	$2 650 415	$3 987 129

SOCIÉTÉ DU CENTRE DES CONGRÈS DE QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Société du Centre des congrès de Québec was established under a special act (R.S.Q., c. S-14.001) on July 1, 1993. Its purpose is to:

- manage and operate the Centre des congrès de Québec;
- prepare development or operational plans for the Centre des congrès;
- carry on such commercial and other activities as may foster the development of the Centre des congrès and take up their operation, promotion and management.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgments.

Subsidy to be recovered from the Gouvernement du Québec

The subsidy to be recovered from the Government corresponds to the difference between the interest expenses accrued on borrowings from the Financing Fund for the acquisition of fixed assets plus the accumulated depreciation on the part of those assets financed by these borrowings (net of accumulated amortization of deferred contributions) and acquisitions of non-capitalizable property funded by these borrowings, and the subsidies received from the Gouvernement du Québec to pay back these borrowings.

Fixed assets

The land and the building, which were acquired for a nominal fee of $1, were recorded at their municipal assessment on the date of acquisition. Other fixed assets are recorded at cost.

Fixed assets are depreciated over the term of their anticipated useful life according to the straight-line method as follows:

Buildings	40 years
Furniture and equipment	3 and 5 years

Deferred expenses

Deferred expenses include issue and management expenses on borrowings from the Financing Fund of the Gouvernement du Québec.

These expenses are amortized on a straight-line basis over the term of the borrowing. Amortization is included in financial expenses.

Subsidy from the Gouvernement du Québec

The Société records and distributes the subsidy from the Gouvernement du Québec as follows:

- *Operating subsidy*

  Contribution for the payment of interest on the long-term debt contracted to finance fixed assets and for the acquisition of non-capitalizable property funded.

  Contribution for other expenses during the year.

2. ACCOUNTING POLICIES (cont'd)

Subsidy from the Gouvernement du Québec (cont'd)

- *Subsidy for fixed assets*

  Contribution for repayment of the long-term debt contracted to finance depreciable fixed assets.

- *Deferred contributions*

  Contributions for the acquisition of depreciable fixed assets.

Deferred contributions

Contributions received for the acquisition of depreciable fixed assets and contributions in the form of depreciable fixed assets are deferred and transferred to revenue according to the same methods and at the same useful life as those used for the depreciation of the fixed assets to which they refer.

Cash and cash equivalents

The Société's policy consists in presenting under cash and cash equivalents bank balances and short-term investments that are easy to convert in the short term to a known amount of cash whose value is not expected to change significantly.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGE IN ACCOUNTING POLICY

As of this fiscal year, the Société amortizes the following fixed assets according to the probable duration of their use established as follows:

	2001	2000
Interior layout	40 years	10 years
Furniture and equipment	3 and 5 years	3, 5 and 10 years

Interior layouts are grouped together with buildings for the purposes of financial statement presentation.

This change applied prospectively changes the following financial statement items for the current fiscal year:

	2001
Balance sheet	
Subsidy to be recovered by the Gouvernement du Québec	$811 161
Fixed assets	(768 490)
Deferred contributions	42 671

3. CHANGE IN ACCOUNTING POLICY (cont'd)

	2001
Revenue and expenditure and surplus	
Subsidy from the Gouvernement du Québec for fixed assets	$811 161
Depreciation of fixed assets	768 490
Amortization of deferred contributions	(42 671)

4. ROYALTIES

	2001	2000
Food services	$728 143	$760 282
Audiovisual services	278 577	348 256
Other	9 420	12 467
	$1 016 140	$1 121 005

5. ANCILLARY OPERATIONS

	2001	2000
Handling, shipping and hanging	$294 785	$174 211
Electricity, plumbing and other technical staff	380 079	352 619
Cleaning services	44 712	36 311
Furnishings and furniture	381 078	458 806
Audiovisual, sound and lighting	33 930	38 740
Telecommunications	220 038	240 252
Information, box office and cloakroom	83 112	84 759
Security	50 271	20 181
Other	23 278	34 357
	$1 511 283	$1 440 236

6. HOSTING OF EVENTS - EXPENSES

	2001	2000
Handling, shipping and hanging	$174 489	$149 955
Electricity, plumbing and other technical staff	134 716	147 437
Cleaning services	97 999	100 930
Furnishings and furniture	283 356	356 395
Audiovisual, sound and lighting	7 713	8 495
Telecommunications	23 439	31 368
Information, box office and cloakroom	151 200	173 715
Security	68 265	46 645
Other	15 858	18 077
	$957 035	$1 033 017

7. OPERATING AND ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and fringe benefits	$3 261 413	$3 196 755
Insurance and permits	57 569	55 981
Power and heating	729 309	772 853
Caretaking	360 981	370 629
Cleaning services	123 009	125 995
Specialized maintenance services	647 507	599 082
Maintenance and repairs	664 265	693 351
Advertising and promotion	738 904	606 612
Professional and administrative services	61 209	103 461
Travelling and duty expenses	141 156	176 072
Telecommunications	84 327	80 735
Stationery, printing and office supplies	59 154	61 709
Professional development	62 574	59 985
Bad debts	56 782	51 214
	$7 048 159	$6 954 434

8. NET FINANCIAL EXPENSES

	2001	2000
Interest on long-term debt	$3 908 794	$4 113 458
Exchange gain (loss)	(9 628)	1 321
Other interest and bank expenses	8 613	9 659
	3 907 779	4 124 438
Interest on bank balances and term deposits	299 600	263 458
	$3 608 179	$3 860 980

9. SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC

	2001	2000
Operating subsidy		
Subsidy received for the year	$14 272 400	$15 334 200
Deferred contributions		
Contribution for acquisition of depreciable fixed assets	(4 485)	(295 111)
Receipt – Subsidy for debt service *	(8 652 464)	(8 897 387)
	5 615 451	6 141 702
Contribution for payment of interest on long-term debt contracted to finance depreciable fixed assets and for the acquisition non-capitalizable property funded*	3 955 651	4 113 458
	9 571 102	10 255 160
Subsidy for fixed assets		
Contribution for repayment of the long-term debt equivalent to the depreciation of related fixed assets (net of amortization of deferred contributions) *	3 380 895	3 580 158
	$12 951 997	$13 835 318

9. SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC (cont'd)

* As at March 31, 2001, the subsidy to be recovered from the Gouvernement du Québec amounts to $470 407 (March 31, 2000: $1 786 325).

10. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Land	$5 618 150		$5 618 150	$5 618 150
Buildings	100 409 938	$12 482 575	87 927 363	90 416 659
Furniture and equipment	8 949 731	7 687 389	1 262 342	2 815 539
	$114 977 819	$20 169 964	$94 807 855	$98 850 348

The cost and accumulated depreciation of fixed assets as at March 31, 2000 amount to $114 798 245 and $15 947 897 respectively.

11. DEFERRED CONTRIBUTIONS

	2001	2000
Deferred contribution from the Gouvernement du Québec		
Opening balance	$810 328	$654 698
Contribution for acquisition of fixed assets	4 485	295 110
	814 813	949 808
Less:		
Transfer to revenue of an amount equivalent to the depreciation of related fixed assets *	109 459	137 053
Transfer to revenue of and amount equivalent to the unamortized cost of transferred fixed assets *		2 427
	705 354	810 328
Deferred contributions from the City of Québec		
Opening balance	2 720 221	2 800 820
Less:		
Transfer to revenue of an amount equivalent to the depreciation of building *	80 599	80 599
	2 639 622	2 720 221
Deferred contribution from the Government of Canada		
Opening balance	24 581 250	25 256 250
Less:		
Transfer to revenue of an amount equivalent to the depreciation of building *	675 000	675 000
	23 906 250	24 581 250
	$27 251 226	$28 111 799

* Amortization of deferred contributions for the year amounts to $865 058 (March 31, 2000: $895 079).

SOCIÉTÉ DU CENTRE DES CONGRÈS DE QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

12. LONG-TERM DEBT

	2001	2000
Notes payable		
Financing Fund of the Gouvernement du Québec, 5.25% annually (effective rate of 5.676%), repayable in semi-annual instalments of $2 835 190, maturing April 1, 2002 *	$59 634 038	$62 077 023
Financing Fund of the Gouvernement du Québec, at the 3-month banker's acceptance rate plus 0.233%, repayable in semi-annual instalments, maturing August 5, 2002 *	2 713 430	2 873 044
Financing Fund of the Gouvernement du Québec, at the 3-month banker's acceptance rate plus 0.233%, repayable in semi-annual instalments, maturing August 5, 2002 *	2 932 800	4 399 200
Financing Fund of the Gouvernement du Québec, 5.57% annually (effective rate of 5.802%), repayable in annual instalments of $860 000, maturing August 5, 2002 *	1 720 000	2 580 000
	67 000 268	71 929 267
Instalments due within one year	5 058 939	4 928 999
	$61 941 329	$67 000 268

Repayment of the principal on the long-term debt over the next two fiscal years is as follows:

2002	$5 058 939
2003	61 941 329

* The Government committed to paying the Société the sums required to discharge its obligations regarding borrowings from the Financing Fund for the acquisition of fixed assets, after ensuring that the Société is unable to discharge them itself.

13. CONTRIBUTED SURPLUS

Transfer by the City of Québec, on January 1, 1994, for the nominal fee of $1, of a building recorded at its municipal assessment on that date.

14. CASH FLOWS

The cash and cash equivalents shown in the cash flow statement includes the following amounts recorded in the balance sheet:

	2001	2000
Cash on hand	$360 415	$487 129
Term deposits	2 290 000	3 500 000
	$2 650 415	$3 987 129

The interest on the long-term debt paid by the Société during the fiscal year totalled $3 731 248 (March 31, 2000: $3 935 754).

---

15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

16. PENSION PLAN

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $61 781 (March 31, 2000: $123 294). The liability of the Société towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

17. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société du Centre des congrès de Québec as at March 31, 2001, and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 30, 2001

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC
(R.S.Q., c. S-14.01)

RESULTS AND SURPLUS
for the year ended August 31, 2000

	2000	1999
REVENUE		
Subsidies from the Gouvernement du Québec (Note 3)	$5 660 971	$5 483 132
Performance production and presentation (Note 4)	846 861	2 112 464
Ticket office	795 610	750 436
Rent – auditoriums	782 748	555 913
Theatrical services	819 550	510 455
Customer service	120 180	82 627
Parking	113 281	108 884
Interest	99 879	114 258
Other	53 295	46 931
	9 292 375	9 765 100
EXPENDITURE		
Performance production and presentation (Note 4)	934 238	1 978 934
Box office operations	632 837	618 000
Auditorium operations	326 895	296 290
Theatrical services	1 220 346	884 916
Marketing	451 930	494 915
Administrative services	649 616	588 119
Maintenance and caretaking	1 179 152	1 143 204
Electricity	362 865	244 178
Municipal and school taxes	1 301 992	1 301 992
Interest on the long-term debt	805 623	804 460
Depreciation of fixed assets	1 153 875	1 171 336
	9 019 369	9 526 344
EXCESS OF REVENUE OVER EXPENDITURE	273 006	238 756
SURPLUS FOR THE YEAR TO BE PAID TO THE GOUVERNEMENT DU QUÉBEC (Note 5)		238 756
SURPLUS, END OF YEAR	$273 006	

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

BALANCE SHEET
as at August 31, 2000

	2000	1999
ASSETS		
Current assets		
Cash on hand	$894 777	$1 127 435
Term deposits (Note 6)	444 512	1 566 124
Accounts receivable	390 386	632 589
Subsidies receivable from the Gouvernement du Québec (Note 7)	1 052 526	1 078 598
Supplies inventory	89 826	90 246
Prepaid expenses	418 700	405 619
	3 290 727	4 900 611
Cash reserved for constructions and renovation	67 884	26 132
Subsidies receivable from the Gouvernement du Québec (Note 7)	10 176 149	9 973 786
Fixed assets (Note 8)	25 915 610	26 042 643
Deferred expenses	19 770	27 944
	$39 470 140	$40 971 116
LIABILITIES		
Current liabilities		
Deposits – ticket sales (Note 9)	$712 526	$2 172 870
Suppliers and accruals	651 937	852 479
Accrued interest	400 792	414 651
Deferred subsidies from the Gouvernement du Québec (Note 10)	402 000	402 000
Owed to the Gouvernement du Québec (Note 5)		145 305
Revenue collected in advance	154 877	196 375
Instalments of the long-term debt (Note 11)	608 237	608 237
	2 930 369	4 791 917
Deferred subsidies from the Gouvernement du Québec (Note 10)	21 641 042	22 340 760
Long-term debt (Note 11)	10 004 153	9 216 869
	34 575 564	36 349 546
EQUITY		
Contributed surplus (Note 12)	4 621 570	4 621 570
Surplus	273 006	
	4 894 576	4 621 570
	$39 470 140	$40 971 116

On behalf of the Board of Directors,
P.-Michel Bouchard
Danyelle Bédard

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

CASH FLOWS
for the year ended August 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$273 006	$238 756
Adjustments for:		
Depreciation of deferred subsidies	(1 510 318)	(1 506 471)
Depreciation of fixed assets	1 153 875	1 171 336
Amortization of deferred expenses	8 174	5 901
	(75 263)	(90 478)
Change in non-cash elements of the Working Capital Fund:		
Change in debtors	242 203	(121 562)
Encashment of subsidies receivable from the Gouvernement du Québec	26 072	26 248
Change in supplies inventory	420	(7 836)
Change in prepaid expenses	(13 081)	32 065
Increase in deferred expenses		(14 202)
Change in deposits – ticket sales	(1 460 344)	1 450 029
Change in suppliers and accruals	(200 542)	247 713
Change in accrued interest	(13 859)	11 881
Change in revenue collected in advance	(41 498)	94 883
Cash flows related to operating activities	(1 535 892)	1 628 741
FINANCING ACTIVITIES		
Subsidies received from the Gouvernement du Québec	608 237	397 725
Long-term debt	1 395 521	910 268
Repayment of long-term debt	(608 237)	(397 725)
Repayment of the amount owed to the Gouvernement du Québec	(145 305)	(31 566)
Cash flows related to financing activities	1 250 216	878 702
INVESTMENT ACTIVITIES		
Change in cash reserved for construction and renovations	(41 752)	22 773
Acquisition of fixed assets	(1 026 842)	(594 983)
Cash flows related to investment activities	(1 068 594)	(572 210)
CHANGE IN CASH AND CASH EQUIVALENTS	(1 354 270)	1 935 233
CASH AND CASH EQUIVALENTS AT THE BEGINNING	2 693 559	758 326
CASH AND CASH EQUIVALENTS AT THE END (Note 13)	$1 339 289	$2 693 559

NOTES TO FINANCIAL STATEMENTS
August 31, 2000

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Société du Grand Théâtre de Québec was established under the Act respecting the Société du Grand Théâtre de Québec (R.S.Q., c. S-14.01) to operate a performing arts dissemination enterprise and administer the Grand Théâtre de Québec or any other establishment the Government mandates it to manage.

These activities are designed, in particular, to provide a home for major artistic organizations, promote accessibility to the different forms of performing arts and promote Québec's artistic and cultural life.

Under section 32 of its incorporating statute, the Société funds its activities through the amounts it receives and the appropriations granted annually for this purpose by the National Assembly. The Société keeps any surplus unless the government decides otherwise.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with the generally accepted accounting principles. These statements include amounts based on best estimates and judgements.

Recognition of subsidies

Subsidies are recognized as products for the fiscal year in which the related charges were incurred.

Supplies inventory

Supplies on hand are valued at cost.

Fixed assets

The property and building, acquired from the Gouvernement du Québec for a nominal value, are posted according to the municipal assessment at the date of acquisition. Other acquisitions are recorded at cost. The cost includes materials, direct labour, professional fees and other direct expenses. Fixed assets are amortized according to the straight-line method over their estimated service life, namely:

Building	40 years
Major extensions and repairs to building	15 years
Technical stage equipment	10 years
Office furniture and equipment	5 years
Data processing equipment	3 years

Deferred expenses

The discount and long-term debt issuing expenses are deferred and amortized using the straight-line method for the duration of the debt.

Performance production and presentation expenses

Performance production and presentation expenses include only direct costs charged to productions. Indirect costs related to productions are posted to other expenditure items.

3. SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC

	2000	1999
Operating subsidy *	$3 353 204	$3 178 102
Interest on long-term debt	797 449	798 559
Amortization of deferred subsidies from the Gouvernement du Québec **	1 510 318	1 506 471
	$5 660 971	$5 483 132

* Unlike some Government agencies, the Société du Grand Théâtre de Québec pays municipal tax. Furthermore, in accordance with the deed of assignment for the building, the Société must house the Conservatoire de musique de Québec free of charge. The operating subsidy takes into account these special commitments, which amount to $1 301 992 and $201 809 respectively (1999: $1 301 992 and $177 939).

** Of this amount, $348 819 (1999: $331 300) was used to finance current charges related to building maintenance. These charges break down as follows:

	2000	1999
Maintenance and caretaking	$324 580	$323 753
Theatrical services	24 239	7 577

This amount also includes a sum for the amortization of deferred expenses of $8 174 (1999: $5 901).

4. NON-MONETARY TRANSACTIONS

The Société exchanges goods and services with certain suppliers. These non-monetary transactions are entered in the Société's year-end statement at the fair value of the goods and services exchanged, which increased the Société's revenue and expenditure for performance production and presentation for an amount of $152 159 (1999: $184 095).

5. OWED TO THE GOUVERNEMENT DU QUÉBEC

	2000	1999
Opening balance	$145 305	$(61 885)
Compensation settlement by way of the annual operating subsidy	(145 305)	(31 566)
Excess of revenue over expenditure		238 756
Closing balance		$145 305

Following an amendment to section 32 of the Société's incorporating statute, which came into effect on May 30, 2000, the Société is no longer obliged to annually pay the Gouvernement du Québec the surplus of its proceeds over its costs.

6. TERM DEPOSITS

Term deposits bear interest at a rate varying from 5.85% to 5.95% (1999: 4.80% to 5.00%).

NOTES TO FINANCIAL STATEMENTS (cont'd)
August 31, 2000

---

7. SUBSIDIES RECEIVABLE FROM THE GOUVERNEMENT DU QUÉBEC

Subsidies receivable from the Gouvernement du Québec presented as short-term correspond to the interest charged on the long-term debt, the interest paid and not reimbursed on the bank loans included in the long-term debt and to reimbursement of capital on the long-term debt in the next fiscal year.

Those presented as long-term represent total Gouvernement du Québec commitments related to fixed assets and their maintenance minus reimbursement of capital on the long-term debt made in the past or to be made in the next fiscal year.

8. FIXED ASSETS

	2000			1999
	Cost stated value	Accumulated depreciation	Net	Net
Land	$4 621 570		$4 621 570	$4 621 570
Building	23 901 091	$6 124 655	17 776 436	18 373 964
Major extensions and repairs to the building	4 225 678	2 153 655	2 072 023	1 661 379
Technical stage equipment	4 394 277	2 993 562	1 400 715	1 289 936
Office furniture and equipment	208 902	196 404	12 498	17 136
Data processing equipment	311 672	279 304	32 368	78 658
	$37 663 190	$11 747 580	$25 915 610	$26 042 643

9. DEPOSITS – TICKET SALES

During the year, in its capacity as co-manager of the Billetech ticket office, the Société sold tickets to various events. Most of this amount belongs to independent producers. This item shows the amount paid by customers for shows which had not yet been presented as at August 31, 2000.

10. DEFERRED SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC

	2000	1999
Opening balance	$22 742 760	$23 397 429
Government commitments regarding fixed assets and their maintenance	810 600	837 600
Long-term debt issuing expenses		14 202
Amortization of deferred subsidies	(1 510 318)	(1 506 471)
	22 043 042	22 742 760
Government commitments designed to cover costs for the next fiscal year	(402 000)	(402 000)
	$21 641 042	$22 340 760

11. LONG-TERM DEBT

	2000	1999
Borrowings from the Financing Fund of the Gouvernement du Québec		
Fixed rate of 10.24%, repayable in annual instalments of $181 092 until October 24, 2000 and a final instalment of $2 897 472 $ on October 24, 2001	$3 078 564	$3 259 656
Fixed rate of 9.50%, repayable in annual instalments of $216 633 until April 1, 2004 and a final instalment of $1 299 800 on April 1, 2005	2 166 334	2 382 967
Fixed rate of 5.62%, repayable in annual instalments of $210 512 until June 1, 2003 and a final instalment of $2 314 052 on December 1, 2003	2 945 588	3 156 100
Bank loans *		
Prime rate, 7.50% as at August 31, 2000 ,maturing December 31, 2000	1 798 000	559 000
Suppliers and accruals *	623 904	467 383
	10 612 390	9 825 106
Instalments due within one year	608 237	608 237
	$10 004 153	$9 216 869

The Société receives subsidies from the Gouvernement du Québec to cover the long-term debt service.

* Bank loans, amounts owing to suppliers an accrued expenses related to fixed assets projects in progress are treated as a long-term debt, since they will be repaid through long-term financing.

Repayment of principal on the long-term debt over the next five fiscal years is as follows:

2001	$608 237
2002	3 324 617
2003	427 145
2004	2 530 687
2005	1 299 800

The maximum amount authorized by the Gouvernement du Québec for bank loans is $2 593 900 (1999: $1 783 300).

12. CONTRIBUTED SURPLUS

The contributed surplus amount corresponds to the property's municipal assessment on the date of acquisition.

13. CASH FLOWS

The cash and cash equivalents shown in the cash flow statement include the following amounts recorded in the balance sheet:

	2000	1999
Cash on hand	$894 777	$1 127 435
Term deposit	444 512	1 566 124
	$1 339 289	$2 693 559

Interest on the long-term debt paid by the Société during the fiscal year totalled $811 307 (1999: $786 678).

14. BANK LOAN

The Société has a line of credit, with a financial institution, that is renewable annually at December 31. The amounts borrowed are authorized by the Gouvernement du Québec up to $800 000 and bear interest at the prime rate. At August 31, 2000, the Société had not used this line of credit.

15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments, special funds, agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

16. PENSION PLANS

The Société contributes to three pension plans in which certain staff members participate. Two of them are defined contribution pension plans and include guaranteed payments upon retirement, loss of employment and death. One of them is a defined benefit pension plan and includes guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $141 759 (1999: $123 590). The liability of the Société towards these plans is restricted to its contributions as an employer.

17. COMPARATIVE FIGURES

Certain 1999 figures were reclassified to comply with the presentation adopted in 2000.

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Société du Grand Théâtre de Québec were drawn up by the management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that the assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee; whose members are not parts of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Francine Grégoire
Director General

Québec, October 27, 2000

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société du Grand Théâtre de Québec as at August 31, 2000, and the statements of results and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at August 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with the generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, October 27, 2000

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL
(R.S.Q., c. S-14.1)

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 2001

	2001	2000
REVENUE		
Operating subsidy from the Gouvernement du Québec (Note 3)	$14 624 526	$14 345 066
Rental of premises for events	3 540 861	3 102 361
Royalties (Note 4)	2 227 725	2 216 575
Ancillary operations (Note 5)	3 585 966	3 096 339
	23 979 078	22 760 341
EXPENDITURE		
Operating and administrative expenses (Note 6)	16 550 992	15 468 679
Hosting of events (Note 7)	2 981 932	2 817 223
Net financial expenses (Note 8)	4 441 859	4 460 784
	23 974 783	22 746 686
EXCESS OF REVENUE OVER EXPENDITURE BEFORE THE FOLLOWING ITEMS	4 295	13 655
Subsidy from the Gouvernement du Québec for fixed assets and deferred expenses (Note 3)	3 085 231	2 818 014
Amortization of deferred contributions	969 994	985 352
Depreciation of fixed assets	(3 978 216)	(3 729 568)
Amortization of deferred expenses	(70 452)	(71 866)
Loss on disposal of fixed assets	(5 291)	(1 932)
EXCESS OF REVENUE OVER EXPENDITURE	5 561	13 655
DEFICIT, BEGINNING OF YEAR	1 006 509	1 020 164
DEFICIT, END OF YEAR	$1 000 948	$1 006 509

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$294 880	$265 215
Accounts receivable	1 883 288	1 392 894
Subsidy to be recovered from the Gouvernement du Québec	2 063 467	2 543 908
Prepaid expenses	1 662 115	1 460 646
	5 903 750	5 662 663
Subsidy to be recovered from the Gouvernement du Québec	12 594 437	10 553 898
Fixed assets (Note 9)	89 569 506	91 313 734
Deferred expenses, at amortized cost	194 998	98 951
	$108 262 691	$107 629 246
LIABILITIES		
Current liabilities		
Short-term borrowing from the Financing Fund of the Gouvernement du Québec (Note10)	$3 633 683	$4 646 927
Accounts payable and accruals	4 249 835	3 396 868
Customer deposits	715 750	1 224 602
Instalments on long-term debt (Note 11)	544 692	73 270
	9 143 960	9 341 667
Deferred revenue	141 024	188 031
Long-term debt (Note 11)	81 586 625	79 843 073
Deferred contributions (Note 12)	18 392 030	19 262 984
	109 263 639	108 635 755
DEFICIT	1 000 948	1 006 509
	$108 262 691	$107 629 246

COMMITMENTS (Note 15)

On behalf of the Board of Directors,
John H. Dinsmore
Paul Saint-Jacques

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Receipts– Government, clients	$24 604 006	$26 755 073
Disbursements– suppliers and staff members	(19 094 933)	(18 873 386)
Interest earned	193 750	133 279
Interest paid	(4 635 609)	(4 492 139)
Cash flows related to operating activities	1 067 214	3 522 827
INVESTMENT ACTIVITIES		
Purchase of fixed assets	(2 240 545)	(14 773 686)
Proceeds from the sale of fixed assets	1 266	
Cash flows related to investment activities	(2 239 279)	(14 773 686)
FINANCING ACTIVITIES		
Repayment of long-term debt	(73 270)	(3 073 270)
Net proceeds for short-term borrowing	(1 013 244)	1 725 811
Proceeds from long-term debt	2 288 244	12 999 189
Cash flows related to financing activities	1 201 730	11 651 730
NET INCREASE IN CASH AND CASH EQUIVALENTS	29 665	400 871
OPENING CASH POSITION	265 215	(135 656)
CLOSING CASH POSTION	$294 880	$265 215

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Société du Palais des congrès de Montréal was established under a special act (R.S.Q., c. S-14.1) for the purpose of:

- managing and operating the Palais des congrès de Montréal;
- preparing development or operational plans for the Palais des congrès;
- carrying on, promoting and administering such commercial and other activities as may foster the development of the Palais des congrès.

2. ACCOUNTING POLICIES

The Société's financial statements were prepared by management on the accrual basis in accordance with generally accepted accounting principles of Canada. These statements include amounts based on best estimates and judgements.

Subsidy to be recovered from the Gouvernement du Québec

The subsidy to be recovered from the Government corresponds to the difference between the interest expenses accrued on borrowings for the acquisition of fixed assets plus the depreciation on those assets and the deferred expenses financed by the borrowings, and the total subsidies received from the Gouvernement du Québec to pay back those borrowings.

Fixed assets

Fixed assets are recorded at cost. Fixed assets received as contributions are recorded at their fair value on the date of contribution.

Fixed assets are depreciated over their estimated useful life according to the straight-line method as follows:

Building	40 years
Furniture and equipment	10 years
Data processing equipment	5 years
Leasehold improvements	Remaining term of the lease

Deferred expenses

Issue and management expenses on borrowings from the Financing Fund of the Gouvernement du Québec are deferred and amortized according to the straight-line method over the term of the borrowings.

Deferred revenue

Lease inducements paid by the lessor to the Société under a long-term lease for office space are amortized according to the sum-of-the-years'-digits method over the term of the lease (16 years). The amortization is applied against the rent.

Deferred contributions

Contributions received for the acquisition of depreciable fixed assets and those received in the form of depreciable fixed assets are deferred and recorded in the statement of revenue and expenditure as the assets to which they pertain are depreciated.

Subsidy from the Gouvernement du Québec

The Société records and distributes the subsidy from the Gouvernement du Québec as follows:

- *Operating subsidy*

  Contribution for the payment of interest on the long-term debt contracted to finance depreciable fixed assets.

  Contribution for other expenses incurred during the year.

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

2. ACCOUNTING POLICIES (cont'd)

Subsidy from the Gouvernement du Québec (cont'd)

- *Subsidy for fixed assets and deferred expenses*

  Contribution for the repayment of the long-term debt contracted to finance fixed assets and the related deferred expenses.

- *Deferred contributions*

  Contribution for the acquisition of depreciable fixed assets.

3. SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC

	2001	2000
Operating subsidy		
Subsidy for the year	$16 248 700	$17 646 300
Deferred contributions – Contribution for the acquisition of depreciable fixed assets	(99 041)	(210 915)
Receipt – Subsidy owed by the Gouvernement du Québec	(2 543 908)	(4 183 557)
	13 605 751	13 251 828
Contribution to be recovered for the payment of interest on the long-term debt contracted to finance depreciable fixed assets	1 018 775	1 093 238
Total operating subsidy	14 624 526	14 345 066
Subsidy for fixed assets and deferred expenses	3 085 231	2 818 014
	$17 709 757	$17 163 080

4. ROYALTIES

	2001	2000
Ticket sales	$152 553	$221 425
Food services	1 154 190	1 226 047
Audiovisual services and simultaneous translation	906 498	713 764
Other	14 484	55 339
	$2 227 725	$2 216 575

5. ANCILLARY OPERATIONS

	2001	2000
Parking	$806 981	$774 880
Furnishings	721 268	676 564
Audiovisual services	742 101	485 435
Cloakroom attendants	131 317	136 998
Media	17 420	12 165
Crowd managers	30 690	36 806
Plumbing and electricity	877 712	761 502
Security	93 332	82 614
Other	165 145	129 375
	$3 585 966	$3 096 339

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

6. OPERATING AND ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and fringe benefits	$5 078 680	$4 945 289
Taxes	5 563 516	5 551 005
Insurance and permits	86 021	82 366
Electricity and heating	1 167 378	1 040 925
Caretaking	465 280	454 484
Cleaning services	313 294	304 304
Specialized maintenance services	597 841	496 991
Maintenance and repairs	1 410 830	1 015 630
Rent	495 024	486 911
Advertising and promotion	886 766	532 551
Professional and administrative services	172 129	119 252
Travelling expenses	208 240	141 266
Stationery and printing		67 880
Doubtful accounts	40 003	77 825
Job training	59 219	61 553
Other expenses	6 771	90 447
	$16 550 992	$15 468 679

7. HOSTING OF EVENTS - EXPENSES

	2001	2000
Salaries – event staff:		
Customer service	$457 034	$503 630
Parking lot attendants	79 335	72 489
Cloakroom attendants	70 686	74 335
Crowd managers	17 342	8 354
Audiovisual technicians	190 222	152 648
Food services	29 253	16 811
Furnishings	1 367 517	1 335 423
Audiovisual services	250 789	219 482
Plumbing and electricity	289 350	245 300
Media	27 792	21 870
Security	69 860	71 541
Other expenses	132 752	95 340
	$2 981 932	$2 817 223

8. NET FINANCIAL EXPENSES

	2001	2000
Interest on long-term debt	$4 148 999	$4 387 464
Other interest and bank charges	486 610	206 599
	4 635 609	4 594 063
Interest on bank balance and term deposits	193 750	133 279
	$4 441 859	$4 460 784

9. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Land	$16 320 734		$16 320 734	$15 309 680
Building	118 384 189	$49 039 843	69 344 346	72 385 936
Furniture and equipment	9 528 498	7 493 316	2 035 182	1 614 812
Leasehold improvements	481 717	325 882	155 835	187 002
Data processing equipment	3 810 670	2 097 261	1 713 409	1 816 304
	$148 525 808	$58 956 302	$89 569 506	$91 313 734

On September 30, 1998, the Société received authorization from the Gouvernement du Québec to expand the Palais des congrès in the quadrilateral Saint-Urbain, de Bleury, Viger and Saint-Antoine. The mandate for expansion work to the Palais des congrès de Montréal was entrusted to the Société immobilière du Québec. It will cede to the Société du Palais des congrès de Montréal all work completed for an amount equivalent to the cost of this work. The total estimated project cost is $257 800 000. Project completion is scheduled for May 2002. The Société's cumulated costs for this project at March 31, 2001 total $15 593 193 and break down as follows:

Land	$13 335 682
Building	1 411 048
Equipment	846 463
	$15 593 193

These fixed assets will be amortized once the project is completed.

In the coming months, the Société, through the intermediary of the Ministère of Transport of the Gouvernement du Québec, will expropriate the land and buildings required to expand the Palais des congrès de Montréal, for a total of approximately $1 864 318. Furthermore, in coming fiscal years, the Société will acquire equipment for approximately $9 142 489.

10. TEMPORARY BORROWING FROM THE FINANCING FUND OF THE GOUVERNEMENT DU QUÉBEC

The Société's short-term borrowing bears interest at a rate of 4.6928% and matures on June 28, 2001.

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

11. LONG-TERM DEBT

	2001	2000
Note payable		
Financing Fund of the Gouvernement du Québec, 5.719% annually, repayable in quarterly instalments of $1 264 225, $28 634 137 maturing October 1, 2007	$33 300 000	$33 340 770
Financing Fund of the Gouvernement du Québec, 5.563% annually (effective rate of 5.657%), repayable in annual instalments of $32 500 beginning April 1, 1998 , and a final instalment of $32 532 500, maturing April 1, 2002	32 565 000	32 597 500
Financing Fund of the Gouvernement du Québec, 4.71685% annually (effective rate of 4,76685%), maturing March 19, 2002 *	6 000 000	
Financing Fund of the Gouvernement du Québec, 4.51105% annually (effective rate of 4.56105%), maturing September 17, 2001 *	9 000 000	9 000 000
Financing Fund of the Gouvernement du Québec, 4.6928% annually (effective rate of 4.7428%), maturing June 28, 2001 *	1 266 317	4 978 073
	82 131 317	79 916 343
Instalments due within one year	544 692	73 270
	$81 586 625	$79 843 073

* These debts for the Palais expansion project are considered long-term debt, given that it will be repaid through long-term financing.

Principal payments on the long-term debt to be paid for the next five fiscal years are as follows:

2002	$544 692
2003	695 156
2004	701 095
2005	741 764
2006	784 792

The Government committed to paying the Société the sums required to discharge its obligations regarding borrowings from the Financing Fund for the acquisition of fixed assets, after ensuring that the Société is unable to discharge them itself.

12. DEFERRED CONTRIBUTIONS

	2001	2000
Contributions for depreciable fixed assets:		
Government of Canada	$24 339 600	$24 339 600
Gouvernement du Québec	10 469 561	10 370 520
Hydro-Québec	237 838	237 838
Lessor	1 177 906	1 177 906
Concession holder	299 410	299 410
	36 524 315	36 425 274
Accumulated depreciation	18 132 285	17 162 290
	$18 392 030	$19 262 984

13. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

14. FUTURE BENEFITS PAYMENTS

Pension plans

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These interenterprise plans are defined benefit plans and include guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $107 325 (2000: $201 936). The liability of the Société towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

15. COMMITMENTS

The Société is committed to a long-term lease for office space expiring in 2007. This lease includes two five-year renewal options.

The estimated minimum lease payments, less the amortization of deferred revenue (lease inducements), are as follows:

2002	$312 883
2003	381 923
2004	388 639
2005	395 354
2006	402 069
2007	304 910
	$2 185 778

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

MANAGEMENT'S REPORT

The financial statements of the Société du Palais des congrès de Montréal were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles of Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors must oversee the way in which management fulfils its financial reporting responsibilities, and it has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. This committee meets with management and the auditor, examines the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with management to discuss any element concerning his audit.

Paul Saint-Jacques
President and Chief Executive Officer

André Saucier, CGA
Director, Financial Resources and Administration

Montréal, June 13, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société du Palais des congrès de Montréal as at March 31, 2001, and the statements of revenue and expenditure and deficit and of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards of Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, F.C.A.
Auditor General of Québec

Québec, June 13, 2001

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR
(R.S.Q., c. S-16.001)

REVENUE AND EXPENDITURE AND EQUITY
for the year ended March 31, 2001

	2001	2000
REVENUE (Note 3)	$4 959 055	$5 140 107
EXPENDITURE		
Operating expenses by category (Note 4)		
Salaries and fringe benefits	829 762	794 621
Materials and supplies	664 007	638 795
Maintenance and repairs	586 608	534 905
Professional, administrative and other services	214 423	182 861
Municipal and school taxes	196 272	108 326
Caretaking	99 374	96 912
Advertising and promotion	70 320	47 375
Travelling and communications	62 900	51 511
	2 723 666	2 455 306
Depreciation of fixed assets	1 820 421	1 993 584
	4 544 087	4 448 890
Other expenses		
Partial financing of Bécancour's water supply and sewer systems (Note 8)	47 663	47 262
Interest on long-term debt	975 009	1 005 212
Amortization of discount on long-term debt	59 397	62 318
	5 626 156	5 563 682
EXCESS OF EXPENDITURE OVER REVENUE BEFORE THE FOLLOWING ITEM	667 101	423 575
Settlement of a dispute (Note 5)	329 660	
EXCESS OF EXPENDITURE OVER REVENUE	996 761	423 575
EQUITY, BEGINNING OF YEAR	15 646 789	16 070 364
EQUITY, END OF YEAR	$14 650 028	$15 646 789

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$650 451	$586 206
Term deposit, at cost		1 000 000
Accounts receivable	498 845	480 267
Selling price balance on a lot		24 325
Spare parts inventory	224 849	234 231
Prepaid expenses	100 506	91 780
	1 474 651	2 416 809
Discount on long-term debt – at unamortized cost	59 559	118 956
Land for sale	5 525 827	4 636 814
Fixed assets (Note 6)	26 684 205	27 636 087
	$33 744 242	$34 808 666
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$315 677	$293 707
Accrued interest on long-term debt	468 269	469 570
Holdback on contracts	30 681	127 041
Deferred revenue	218 278	217 797
	1 032 905	1 108 115
Provision for sick leave (Note 12)	74 652	67 105
Long-term debt (Note 7)	17 986 657	17 986 657
	19 094 214	19 161 877
EQUITY	14 650 028	15 646 789
	$33 744 242	$34 808 666

COMMITMENTS (Note 8)

CONTINGENCIES (Note 9)

On behalf of the Board of Directors,
Léopold Gagnon
Guy Vachon

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of expenditure over revenue	$(996 761)	$(423 575)
Adjustments for:		
Depreciation of fixed assets	1 820 421	1 993 584
Amortization of discount on long-term debt	59 397	62 318
Gain on sale of land		(3 210)
Loss on disposal of fixed assets	1 889	5 830
	884 946	1 634 947
Changes in assets and liabilities related to operations (Note 10)	(853 913)	(577 769)
Cash flows related to operating activities	31 033	1 057 178
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(966 838)	(254 667)
Proceeds from disposal of fixed assets	50	2 900
Cash flows related to investment activities	(966 788)	(251 767)
FINANCING ACTIVITIES		
Repayment of long-term debt		(1 000 000)
Cash flows related to financing activities		(1 000 000)
DECREASE IN CASH AND CASH EQUIVALENTS	(935 755)	(194 589)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1 586 206	1 780 795
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 10)	$650 451	$1 586 206

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Société du parc industriel et portuaire de Bécancour was established under a special act (R.S.Q., c. S-16.001) for the purpose of fostering the economic development of Québec by developing and operating, with self-financing as an objective, an industrial park with harbour facilities within the territory of the town of Bécancour.

2. ACCOUNTING POLICIES

The Société's financial statements were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Cash and cash equivalents

Cash and cash equivalents comprise petty cash, bank balances and investments in money market instruments.

Spare parts inventory

The spare parts inventory is valued at the lower of cost, determined according to the first-in, first-out method, and replacement value.

Discount on long-term debt

The discount on the long-term debt is amortized according to the straight-line method over the term of the borrowing.

Land for sale

Land for sale is recorded at the lower of average acquisition cost and net realizable value. Municipal and school taxes, along with any interest charges related to the purchase of this land, are charged to operations.

Sales of land are recorded on the date of the notarized deed of sale.

Fixed assets

Fixed assets are recorded at cost less attendant subsidies from the Gouvernement du Québec. They are depreciated on a straight-line basis at the following rates:

Buildings, storage areas and parking space	2 1/2% to 5%
Harbour facilities	2 1/2% to 20%
Vehicles	20%
Equipment	6 2/3% and 10%
Water supply and sewer systems	3 1/3% to 5%
Industrial water plant and distribution system	2 1/2% and 5%
Roads and streets	4% and 5%
Rail network	2 1/2%
Office furniture and equipment	10% and 20%

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

3. REVENUE

	2001	2000
Operating revenue:		
Port revenue	$2 429 638	$2 493 686
Industrial water service	1 189 138	1 296 411
Recovery of certain maintenance costs from the town of Bécancour	850 000	850 000
Building rental	406 470	408 174
Interest on cash on hand and term deposits	79 180	70 516
Public services related to the sale of land		14 232
Loss on disposal of fixed assets	(1 889)	(5 830)
Other revenue	6 518	9 708
	4 959 055	5 136 897
Sale of land:		
Land sold		4 380
Cost of land sold		1 170
		3 210
	$4 959 055	$5 140 107

4. OPERATING EXPENSES BY SECTOR OF ACTIVITY, BEFORE DEPRECIATION OF FIXED ASSETS

	2001	2000
General administration	$978 820	$796 309
Industrial water plant and distribution system	633 910	655 371
Buildings	394 363	334 555
Transportation network	253 720	252 463
Harbour facilities	220 726	214 946
Vehicles and equipment	127 727	121 865
Water supply and sewer systems	114 400	79 797
	$2 723 666	$2 455 306

5. SETTLEMENT OF A DISPUTE

In November 2000, subsequent to a lawsuit instituted by a contractor, the Société was charged with paying $217 896 plus $111 764 in interest.

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

6. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Land	$28 069		$28 069	$28 069
Buildings, storage areas and parking space	3 347 903	$1 857 947	1 489 956	1 583 238
Harbour facilities	36 440 204	19 898 341	16 541 863	17 160 043
Vehicles and equipment	674 610	556 732	117 878	165 371
Water supply and sewer systems	5 852 885	4 410 687	1 442 198	1 180 101
Industrial water plant and distribution system	11 601 547	7 252 988	4 348 559	4 762 832
Transportation network:				
Roads and streets	9 413 777	7 139 054	2 274 723	2 345 606
Rail network	597 508	272 571	324 937	339 874
Office furniture and equipment	286 202	170 180	116 022	70 953
	$68 242 705	$41 558 500	$26 684 205	$27 636 087

7. LONG-TERM DEBT

	2001	2000
Term note from the Financing Fund of the Gouvernement du Québec, effective rate of 5.81%, without terms and conditions for reimbursement for capital, maturing April 2002	$17 986 657	$17 986 657

8. COMMITMENTS

Partial financing of Bécancour's water supply and sewer systems

Under an agreement with the town of Bécancour, ratified by the Government on April 11, 1973, the Société is authorized to participate in the financing, until 2011, of the water supply and sewer systems servicing the industrial park and part of the town.

The Société is committed to paying the annual debt service on one borrowing by the town of Bécancour. As at March 31, 2001, this commitment amounts to $573 000 (2000: $621 000).

Changes in bonded borrowings related to this commitment during the year are as follows :

		Payments during the year			
Initial issues	As at March 31, 2000	Amount	Interest	Principal	As at March 31, 2001
$672 000	$428 000	$47 663	$22 263	$25 400	$402 600

The interest rates related to this issue vary from 3.25% to 5.40% until June 30, 2002.

9. CONTINGENCIES

Various proceedings totalling approximately $249 000 have been instituted against the Société.

In the opinion of the Société, no significant liability could result from these proceedings and, therefore, no allowance for loss has been recorded.

10. CASH FLOWS

The additional cash flow information is as follows:

	2001	2000
Changes in assets and liabilities related to operations		
Accounts receivable	$(18 578)	$(28 043)
Selling price balance on a lot	24 325	24 326
Spare parts inventory	9 382	4 948
Prepaid expenses	(8 726)	(9 086)
Discount on long-term debt		(194 370)
Land for sale	(889 013)	(256 220)
Accounts payable and accruals	21 970	(6 895)
Accrued interest on long-term debt	(1 301)	(95 745)
Deferred revenue	481	(20 856)
Provision for sick leave	7 547	4 172
	$(853 913)	$(577 769)

	2001	2000
Cash and cash equivalents		
Cash on hand	$650 451	$586 206
Term deposit		1 000 000
Total cash and cash equivalent	$650 451	$1 586 206

	2001	2000
Additional information		
Interest paid on long-term debt	$944 300	$1 068 750

11. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, measured at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

12. FUTURE FRINGE BENEFITS

Pension plan

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $15 171 (2000: $28 737). The liability of the Société towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Provision for sick leave

	2001	2000
Opening balance	$67 105	$62 933
Charge for the year	17 267	12 433
Benefits paid during the year	(9 720)	(8 261)
Closing balance	$74 652	$67 105

13. FINANCIAL INSTRUMENTS

The fair value of the elements of assets and short-term liabilities is equivalent to the accounting value, given their close maturity dates.

The fair value of the long-term debt is equivalent to the accounting value since it matures soon.

14. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR

MANAGEMENT'S REPORT

The financial statements of the Société du parc industriel et portuaire de Bécancour were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

The Director, Finance,
Danielle Hébert, CA

The President and Chief Executive Officer,
Jean-Pierre Nepveu

Bécancour, June 14, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société du parc industriel et portuaire de Bécancour as at March 31, 2001, and the statements of revenue and expenditure and equity and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 14, 2001

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE QUÉBEC-SUD
(R.S.Q., c. S-16.01)

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 2001

	2001	2000
REVENUE		
Subsidy from the Gouvernement du Québec	$50 000	$50 000
Interest on term deposits	17 567	12 245
Net gain on property sale		105 935
	67 567	168 180
OPERATING EXPENSES		
Salaries and fringe benefits	24 810	27 558
Taxes	27 297	28 370
Consulting fees	4 775	6 000
Professional fees	3 134	4 335
Rent	6 513	6 327
Insurance	6 027	5 454
Telecommunications and postal charges	2 570	3 379
Office expenses	1 393	1 575
Upkeep of land	1 720	1 720
Travelling and representation	802	1 135
Bank charges	223	456
Depreciation of fixed assets	888	678
	80 152	86 987
EXCESS OF EXPENDITURE OVER REVENUE BEFORE THE FOLLOWING ITEM	(12 585)	81 193
Dispute settlement		3 000
Property write-down	(686 347)	
EXCESS OF EXPENDITURE OVER REVENUE	(698 932)	78 193
DEFICIT, BEGINNING OF YEAR	2 278 033	2 356 226
DEFICIT, END OF YEAR	$2 976 965	$2 278 033

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE QUÉBEC-SUD

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$8 374	$35 308
Short-term investments (Note 3)	340 427	323 068
Accounts receivable	70	1 860
Prepaid expenses	2 107	2 653
	350 978	362 889
Land for sale	1 411 400	2 097 747
Fixed assets (Note 4)	1 985	2 873
	$1 764 363	$2 463 509
LIABILITIES		
Current liabilities		
Accounts payables and accruals	$2 328	$2 542
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized: 1 000 common shares with a par value of $1		
Issued and paid up: 1 000 shares	1 000	1 000
Contributed surplus	4 738 000	4 738 000
Deficit	(2 976 965)	(2 278 033)
	1 762 035	2 460 967
	$1 764 363	$2 463 509

On behalf of the Board of Directors,
Luc de la Sablonnière
Jean-Claude Royer

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE QUÉBEC-SUD

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of expenditure over revenue	$(698 932)	$78 193
Adjustments for:		
Depreciation of fixed assets	888	678
Net gain on property sale		(105 935)
Property write-down	686 347	
	(11 697)	(27 064)
Net proceeds from property sale		114 130
Change in off-cash items of the Working Capital Fund		
Accounts receivable	1 790	(1 694)
Prepaid expenses	546	
Accounts payable and accruals	(214)	2 362
Cash flows used for operating activities	(9 575)	87 734
INVESTMENT ACTIVITIES		
Cash flows used for investment activities:		
Acquisition of fixed assets		(2 765)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9 575)	84 969
CASH AND CASH-EQUIVALENT, BEGINNING OF YEAR	358 376	273 407
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 5)	$348 801	$358 376

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Société du parc industriel et portuaire Québec-Sud was established under a special act (R.S.Q., c. S-16.01) to:

- further the development of an industrial park with harbour facilities, located in the territory of the city of Lévis, for major industrial projects;
- manage the above industrial park and harbour facilities; and
- acquire, sell or exchange parcels of land situated at Pointe-de-la-Martinière in the territory of the City of Lévis.

2. ACCOUNTING POLICIES

The Société's financial statements were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Land for sale

Land is recorded at the lesser of cost and net realizable value.

Sales of land are recorded on the date of the notarized deed of sale.

Fixed assets

Fixed assets are recorded at cost and depreciated on a diminishing-balance basis at the following rates:

Office furniture and equipment	35%
Data processing equipment	30%

Contributed surplus

All sums received from the federal and provincial governments since February 1, 1982 under the Canada-Québec subsidiary agreement on the acquisition and development of industrial land at Pointe-de-la-Martinière and the financial participation of the Société in industrial projects are recorded as contributed surplus.

Pension plan

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

Cash and cash equivalents

The Société's policy consists in presenting under cash and cash equivalents bank balances and short-term investments that are easy to convert in the short term into a known amount whose value is not expected to change significantly.

3. SHORT-TERM INVESTMENTS

	2001	2000
Corporate liquid assets funds at cost	$340 427	$263 068
Term deposits bearing interest at a rate of 4.85%		60 000
	$340 427	$323 068

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

4. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Office furniture and equipment	$19 305	$18 969	$336	$516
Data processing equipment	2 450	801	1 649	2 357
	$21 755	$19 770	$1 985	$2 873

5. CASH AND CASH EQUIVALENTS

	2001	2000
Cash on hand	$8 374	$35 308
Short-term investments	340 427	323 068
	$348 801	$358 376

6. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

7. PENSION PLAN

The sole employee of the Société participates in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and includes guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $574 (2000: $942). The liability of the Société towards this Government plan is restricted to its contributions as an employer.

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE QUÉBEC-SUD

AUDITOR'S REPORT

To the Shareholders

I have audited the balance sheet of the Société du parc industriel et portuaire Québec-Sud as at March 31, 2001, and the statements of revenue and expenditure and deficit and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 19, 2001

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC
(R.S.Q., c. S-17)

CONSOLIDATED STATEMENT OF EARNINGS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
REVENUE (Note 4)	802 419	800 641
OPERATING EXPENSES		
Cost of goods sold and services	651 681	631 750
Selling, general and administrative expenses	84 063	80 882
Amortization and depletion	52 659	52 992
	788 403	765 624
OPERATING INCOME, excluding corporate expenses	14 016	35 017
INVESTMENT INCOME		
Share of earnings in significantly influenced companies	50 253	33 711
Gain on disposal of joint ventures and long-term investments	30 979	89 472
Unrealized loss on venture capital investments	(2 227)	(10 129)
Provision for loss on other long-term investments	(21 154)	(8 639)
Dividend income	7 365	1 201
	65 216	105 616
EARNINGS BEFORE THE FOLLOWING ITEMS	79 232	140 633
Financial expenses (Note 5)	9 051	5 600
Other expenses (Note 6)	21 220	19 237
NET EARNINGS FOR THE YEAR (Note 4)	48 961	115 796

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	435 430	319 634
Changes in accounting policies (Note 2)	(32 999)	
As restated	402 431	319 634
Net earnings for the year	48 961	115 796
BALANCE, END OF YEAR	451 392	435 430

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED BALANCE SHEET
as at December 31, 2000
(in thousands of dollars)

	2000	1999
ASSETS		
Current assets		
Cash and cash equivalents	44 175	102 248
Temporary investments	7 611	66 139
Accounts receivable	146 089	130 476
Inventories (Note 7)	126 500	120 385
Prepaid expenses	4 830	4 903
Current portion of long-term investments	6 746	17 370
	335 951	441 521
Long-term investments (Note 8)	886 382	674 755
Capital assets (Note 9)	905 320	740 377
Other assets (Note 10)	145 036	98 695
	2 272 689	1 955 348
LIABILITIES		
Current liabilities		
Bank loans	25 917	17 057
Accounts payable and accrued liabilities	148 887	150 751
Current portion of long-term debt	32 500	30 069
	207 304	197 877
Long-term debt (Note 11)	291 975	243 152
Other long-term liabilities (Note 12)	45 584	3 684
	544 863	444 713
SHAREHOLDER'S EQUITY		
Capital stock (Note 13)	1 273 340	1 073 340
Retained earnings	451 392	435 430
Foreign currency translation adjustments	3 094	1 865
	1 727 826	1 510 635
	2 272 689	1 955 348

Approved by the Board of Directors,
Francine Allaire, Director
Claude Lamonde, Director

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	48 961	115 796
Adjustments for		
Amortization and depletion	52 659	52 992
Share of earnings in significantly influenced companies	(50 253)	(33 711)
Gain on disposal of joint ventures and long-term investments	(30 979)	(89 472)
Provision for loss on long-term investments	23 381	18 768
Amortization of unrealized exchange loss	2 366	1 876
Loss on write-down and disposal of capital and other assets	6 230	2 894
Dividends received from significantly influenced companies	9 489	7 464
Capitalized interest on long-term investments	(3 696)	
Employee future benefits	1 379	
	59 537	76 607
Net change in non-cash working capital balances (Note 14)	(25 948)	(17 425)
	33 589	59 182
INVESTING ACTIVITIES		
Temporary investments	58 528	(21 758)
Acquisitions of joint ventures and long-term investments (Notes 4 and 15)	(167 270)	(272 156)
Disposal of joint ventures and long-term investments (Note 16)	52 034	230 388
Additions to capital assets (Note 4)	(271 996)	(162 362)
Disposal of capital assets	624	2 910
Other investing activities	(39 982)	(11 609)
	(368 062)	(234 587)
FINANCING ACTIVITIES		
Bank loans	9 670	7 285
Increase of long-term debt	95 847	41 637
Repayment of long-term debt	(29 117)	(54 936)
Issuance of shares	200 000	150 000
	276 400	143 986
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(58 073)	(31 419)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	102 248	133 667
CASH AND CASH EQUIVALENTS – END OF YEAR	44 175	102 248
Cash and cash equivalents are comprised of:		
Cash on hand and bank balances	21 520	56 760
Short-term liquid investments	25 269	50 281
Bank overdrafts	(2 614)	(4 793)
	44 175	102 248
Supplemental disclosure		
Interest paid	14 659	15 782

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2000
(in thousands of dollars)

1. STATUS AND NATURE OF ACTIVITIES

The company was created in 1962 under the "Loi sur la Société générale de financement du Québec", which was amended in 1996. The Government of Québec is the shareholder. The purpose of the company is to carry out, in collaboration with partners and in accordance with accepted requirements of profitability, economic development projects in the industrial sector in conformity with the economic development policies of the Government of Québec. It has established a presence notably in the agri-food, chemicals, petrochemicals, plastics and energy, high technology, industrial logistics, machinery and equipment, transportation, metals and minerals, forest products, recreational tourism and health industries.

2. CHANGES IN ACCOUNTING POLICIES

On January 1, 2000, the company applied the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") regarding employee future benefits. The result of this change in accounting policy, which has been applied retroactively without restating the comparative figures, in an increase in accrued benefit assets of $2 689 000, an increase in accrued benefit liabilities of $13 588 000 and a decrease in retained earnings of $10 899 000. In addition, the company's investments in corporations subject to income taxes applied, as of January 1, 2000, the new CICA recommendation relating to income taxes. This change in accounting policy did not have any significant effect on the financial position of the company and the results of its operations, with the exception of the effect of the application of this recommendation by a significantly influenced company resulting in a decrease in retained earnings and in the investment in this company of $22 100 000. The application of these accounting standards did not have any material effect on the company's net earnings for the year ended December 31, 2000.

3. SIGNIFICANT ACCOUNTING POLICIES

Consolidation principles

These consolidated financial statements include the accounts of the Société générale de financement du Québec, its subsidiaries and joint ventures. The accounts of the subsidiaries are accounted for under the full consolidation method which consists in incorporating the financial statements of the subsidiary into the financial statements of the company on a line-by-line basis. The accounts of the company's joint ventures are accounted for using the proportionate consolidation method which involves recording the company's share of assets, liabilities and earnings of the joint venture. The earnings of subsidiaries and joint ventures are included in the consolidated financial statements as of their respective dates of acquisition and until their respective dates of disposition, if applicable.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Those estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings in the period in which they are known.

Fair market value of financial instruments

The company has estimated the fair value of its financial instruments based on current interest rates, related market values and current pricing of financial instruments with comparable terms. The carrying value of these financial instruments, such as cash and cash equivalents, temporary investments, accounts receivable, bank loans, and accounts payable and accrued liabilities, approximates their fair value, unless otherwise indicated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, short-term liquid investments with maturities of three months or less and bank overdrafts.

Temporary investments

The temporary investments consist primarily of commercial papers and bankers' acceptances with maturities exceeding three months and are recorded at the lower of cost and market value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Inventories are valued at the lower of cost and market value. Cost is determined by using the average cost method and the first-in, first-out method, and market value is defined as replacement cost or net realizable value.

Long-term investments

The investments in which the company can exercise significant influence and which are not considered venture capital investments are recorded using the equity method. This involves recording the company's share of the earnings of a significantly influenced company since the date of acquisition.

The investments in which the company does not exercise any control or significant influence are recorded at cost.

The investments in the form of purchased mining royalties are recorded at cost and are amortized on the basis of the units subject to royalties.

Speculative investments in companies for the purpose of supporting their development are considered venture capital investments and are recorded at their fair value which is determined by the company's management as follows:

> Listed shares are recorded based on the quote market price. When this value does not adequately represent the fair value, such investments are evaluated using the same valuation method as for unlisted shares. Shares with quoted values but which have restricted negotiability or transferability are discounted. In determining the amount of this discount, the company takes into account the nature and duration of the restriction and the relative instability of the security price.
>
> Unlisted shares are recorded at cost, with the exception of cases where different values are established as a result of an independent valuation (performed in accordance with generally recognized valuation techniques), a significant arm's-length transaction, or an important change in the company's business.

If a permanent decline in value occurs, the company's policy is to write down the investment to its estimated net realizable value.

Capital assets

Capital assets are recorded at cost and include interest and administrative expenses incurred during the construction of certain plants. Amortization is calculated mainly using the straight-line method based on the following estimated useful lives, which is basically the same in each of the company's sectors of activity:

Building	10 to 40 years
Machinery and equipment	3 to 25 years
Other	3 to 10 years

No amortization is recorded on the construction in progress.

Mining properties

Mining properties include the costs pertaining to the exploration and development of the mineral sites. However, these cumulative costs do not necessarily represent the current or future value of the projects for which they were incurred and exclude the administrative costs associated with the development and exploration work, which are recorded on the income statement.

When a decision is made to commence operations, all costs pertaining to the mining properties are transferred to capital assets. However, when a project is abandoned, all costs relating thereto are written off during the year the abandonment occurred.

Goodwill

Goodwill is amortized using the straight-line method over periods ranging from 5 to 33 years. Each year, the company reevaluates the value of goodwill based on projected cash flows. A provision is made for any permanent decline in value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Operating licenses

The cost of operating licenses is capitalized and amortized over fifteen years upon commencement of operations.

Start-up costs

Start-up costs include certain financial and other costs incurred during the start-up phase of certain plants. These costs are amortized using the straight-line method over a period of three to five years.

Foreign currency

Monetary assets and liabilities resulting from foreign currency transactions are translated into Canadian dollars using the year-end exchange rates. Non-monetary assets and liabilities are translated at historical exchange rates, except for those of self-sustaining foreign joint ventures which are translated at the rate prevailing at the end of the year. Revenue and expenses are translated throughout the year at the exchange rates prevailing on the transaction dates. Exchange gains or losses are included in the calculation of net earnings for the year, with the exception of those resulting from the translation of long-term debt which is recorded as an unrealized gain or loss and amortized on a straight-line basis over the remaining life of the long-term debt.

The "Foreign currency translation adjustments" item in shareholder's equity primarily includes the exchange gains or losses arising from the translation of the investment in self-sustaining foreign joint ventures.

Employee future benefits

The cost of pension benefits and other retirement benefits provided in exchange for services rendered during the year is calculated using the projected benefit method prorated on years of service, and is based on management's best estimate of economic and demographic assumptions.

Past service costs arising from a plan amendment are amortized over the average remaining service period of active employees at the date of the plan amendment. The company amortizes the portion of actuarial gains and losses exceeding 10% of the greater of the accrued benefit obligation or the fair value of plan assets over the average remaining service period of active employees covered by the plans.

Financial Instruments

The company uses derivative instruments to reduce the risks associated with fluctuations in foreign currency exchange rates, interest rates and aluminium prices.

Unrealized gains and losses on derivative instruments, except those used as hedges, are recognized in income in the current period. Unrealized gains and losses on derivative instruments which serve to hedge certain future identifiable risks are accounted for in the income statement along with the underlying items being hedged.

Tax status

As it is government owned, neither the company nor its wholly owned subsidiaries are subject to income taxes.

4. SEGMENTED INFORMATION IN SUMMARY FORM

The company has operating activities in ten sectors. As at December 31, 2000, most investments were in the following sectors: forest products, metals and minerals, chemicals, petrochemicals, plastics and energy, agri-food, high technology and health. The other sectors have been grouped under Sectors in development.

4. SEGMENTED INFORMATION IN SUMMARY FORM (cont'd)

		Revenue	Net earnings (loss)	Segment assets	Additional to capital assets	Acquisitions of joint ventures and long-term investments
Forest products	2000	33 607	56 163	654 092	51 070	16 103
	1999	131 964	53 763	640 423	14 698	10 331
Metals and minerals	2000	275 467	29 070	674 186	89 109	36 990
	1999	265 199	11 694	600 431	120 152	3 333
Chemicals, petrochemicals, plastics and energy	2000	341 272	(8 871)	449 915	97 026	5 118
	1999	289 323	18 730	338 684	14 263	6 949
Agri-food	2000	113 952	4 238	209 682	3 334	19 536
	1999	104 674	75 375	206 641	3 937	157 444
High technology	2000	3 908	(2 095)	148 503	17 537	32 000
	1999	2 470	(14 042)	92 622	3 988	56 444
Health	2000	19 163	(11 738)	134 901	3 471	46 005
	1999	7 011	(13 235)	75 178	1 424	26 589
Sectors in development	2000	15 050	(2 812)	81 190	9 180	11 518
	1999		(6 360)	35 313	441	11 066
Segment total	2000	802 419	63 955	2 352 469	270 727	167 270
	1999	800 641	125 925	1 989 292	158 903	272 156
Corporate activities	2000		(14 994)	13 450	1 269	
	1999		(10 129)	95 342	3 459	
Eliminations	2000			(93 230)		
	1999			(129 286)		
Consolidated total	2000	802 419	48 961	2 272 689	271 996	167 270
	1999	800 641	115 796	1 955 348	162 362	272 156

5. FINANCIAL EXPENSES

	2000	1999
Interest on long-term debt	14 045	13 220
Amortization of unrealized exchange loss	2 366	1 876
Reimbursement of financial assistance (Note 19 a))	6 375	1 358
Other financial expenses	1 632	3 412
	24 418	19 866
Interest income	(15 367)	(14 266)
	9 051	5 600

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousands of dollars)

6. OTHER EXPENSES

	2000	1999
Corporate expenses	17 910	16 184
Loss on write-down and disposal of capital and other assets	6 230	2 894
Income taxes	165	2 887
Non-controlling interest		459
Gain on sale of alumina contracts	(2 234)	(1 937)
Other	(851)	(1 250)
	21 220	19 237

7. INVENTORIES

	2000	1999
Raw materials and supplies	70 847	64 710
Work in process	22 043	21 953
Finished goods	33 610	33 722
	126 500	120 385

8. LONG-TERM INVESTMENTS

	2000		1999	
	Book value	Market value	Book value	Market value
Significantly influenced companies using equity method				
Domtar Inc.	363 412	492 414	342 802	621 423
NSI Communications Inc.	8 102	24 886	11 329	7 986
Other	104 697		75 582	
	476 211		429 713	
Venture capital, at fair value (Note 8 a))	188 216		112 810	
At cost				
Groupe Saputo Inc.	99 995	90 734	99 995	88 354
Theratechnologies Inc.	13 820	28 856	7 500	6 580
Tembec Inc.				
Preferred shares	9 104			
7% Debentures	30 000			
Netergy Networks Inc.	8 462	3 962		
Mining royalties (Note 8 b))	26 892			
Loans and debentures (Note 8 c))				
Interest bearing	22 464		29 050	
Non-interest bearing	4 962		632	
Other (Note 8 c))	13 002		12 425	
	228 701		149 602	
	893 128		692 125	
Less: Current portion	6 746		17 370	
	886 382		674 755	

8. LONG-TERM INVESTMENTS (cont'd)

a) As at December 31, 2000, the cost of venture capital investments is $202 563 000 (1999: $124 440 000).

b) The mining royalties, having an original cost of $27 000 000, entitle the company to revenues based on number of units produced.

c) The fair value of other investments accounted for at cost is approximately equal to the book value.

9. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated amortization and depletion	Net	Net
Forest products	110 572	19 422	91 150	111 733
Metals and minerals	588 621	142 611	446 010	388 347
Chemicals, petrochemicals, plastics and energy	459 301	173 537	285 764	200 885
Agri-food	18 696	7 912	10 784	9 593
High technology	26 939	1 147	25 792	7 173
Health	28 086	3 416	24 670	15 498
Sectors in development	17 407	2 736	14 671	363
Other	14 216	7 737	6 479	6 785
	1 263 838	358 518	905 320	740 377

Capital assets include construction in progress amounting to $370 181 000 as at December 31, 2000 (1999: $141 340 000).

10. OTHER ASSETS

	2000	1999
Mining properties	41 032	39 607
Goodwill	31 710	28 769
Operating licenses	25 148	9 294
Start-up costs	23 112	13 126
Accrued benefit asset (Note 20)	6 576	
Land held for development project	5 624	
Unrealized exchange loss	3 815	2 064
Other	8 019	5 835
	145 036	98 695

11. LONG-TERM DEBT

	2000	1999
Revolving bank loan at prime rate or LIBOR plus 0.35% to 0.55%, maturing in 2003 (Note 11 e))	74 975	76 495
Revolving bank loan, unsecured, bearing interest at prime rate or LIBOR plus 0.35% to 0.70%, maturing in 2006	33 800	
Revolving credit facility at LIBOR plus 0.5%, unsecured, available until 2003	24 552	27 598
Revolving credit facility at the base rate, maturing in 2002 (Note 11c))	11 700	5 110
Amounts carried forward	145 027	109 203

11. LONG-TERM DEBT (cont'd)

	2000	1999
Amounts brought forward	145 027	109 203
Bank loan bearing interest at rates varying from LIBOR plus 0.625% to 2% or the U.S. base rate plus 1.5%, payable in variable semi-annual instalments with a final instalment on June 30, 2003 (Note 11 a))	30 126	40 191
Bank loan at prime rate plus 0% to 0.5% or at the discount rate for bankers' acceptance plus 0.65% to 1.25%, maturing in 2001 (Note 11 b))	16 500	16 500
Bank loan at prime rate plus 1.25%, payable in quarterly instalments, maturing in 2006 (Note 11b))	11 581	
Bank loan at prime rate plus 1.25% or LIBOR plus 2.25%, payable in quarterly instalments, maturing in 2006 (Note 11b))	6 965	
Construction loan convertible to revolving term facility at 5.16%, maturing in 2007 (Note 11 b) and d))	12 272	11 040
Construction loan convertible to term loan, at 8.189%, payable in monthly instalments beginning in 2003 (Note 11 b))	9 577	
Loan from a partner		
At 3.61%, maturing in 2003 (NLG13 600 000)	8 588	9 049
Without interest or specific terms of repayment	4 213	6 358
Amounts due to Investissement Québec		
Interest-free amount repayable no later than October 31, 2017	9 000	9 000
Variable rate loan		11 930
Non-interest bearing, maturing no later than May 2008 (Note 11 b))	5 496	
Credit agreement at prime rate plus 1.625%		9 281
Other	65 130	50 669
	324 475	273 221
Less: Current portion	32 500	30 069
	291 975	243 152

a) A fixed and floating charge on all present and future assets of this joint venture as well as a general assignment of accounts receivable and inventories with a book value of $83 649 000 as at December 31, 2000 have been pledged as security for this loan.

b) Hypothecs on the universality of assets of joint ventures with a book value of $171 177 000 as at December 31, 2000 have been pledged as security for these loans.

c) A pledge of inventories and a hypothec on accounts receivable, with a book value of $40 259 000 have been granted as security for this credit facility.

d) A joint venture has entered into interest rate swap agreements regarding the construction loan for a total amount of $10 080 000 at fixed rates of 5.45% and 5.95%, maturing from June 2002 to June 2006 inclusive.

e) This loan can be renewed for two twelve-month period at the option of the company.

11. LONG-TERM DEBT (cont'd)

f) The long-term debt denominated in U.S. dollars amounts to US$89 619 000 as at December 31, 2000 (1999 – US$101 009 000).

g) Principal repayments due within each of the next five years are as follows:

2001	32 500
2002	30 787
2003	147 974
2004	20 229
2005	15 603

h) The fair value of the long-term debt based on discounted cash flows at market rates amounts to approximately $318 840 000 as at December 31, 2000.

12. OTHER LONG-TERM LIABILITIES

	2000	1999
Share subscriptions	29 500	
Accrued benefit liability (Note 20)	11 790	
Non-controlling interest		3 684
Other	4 294	
	45 584	3 684

13. CAPITAL STOCK

	2000	1999
Authorized – par value of $10		
292 500 000 common shares		
Issued –		
127 334 018 common shares (1999: 107 334 018)	1 273 340	1 073 340

In 2000, the company issued 20 000 000 common shares for a cash consideration of $200 000 000.

The company can request the shareholder to subscribe and pay for an additional 165 165 982 common shares representing an amount of $1 651 660 000 based on the company's financial needs as provided for in its annual operational plan and consistent with its five-year development plan.

14. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	2000	1999
Increase in		
Accounts receivable	(16 726)	(24 715)
Inventories	(12 294)	(20 709)
Prepaid expenses	(1 296)	(705)
Increase in		
Accounts payable and accrued liabilities	4 368	28 704
	(25 948)	(17 425)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
December 31, 2000
(in thousand of dollars)

15. ACQUISITIONS OF JOINT VENTURES AND LONG-TERM INVESTMENTS

	2000	1999
Joint ventures		
Acquisitions in the year (Note 15 a))	17 188	
Métaforia Divertissement Inc.		5 639
Moli-Flex White, L.P.		3 183
Significantly influenced companies		
Main acquisitions in the year (Note 15 a))	27 500	
Culinar Inc.		140 828
Patrimoine des Eaux du Québec Inc.		10 000
Other	12 985	17 033
Venture capital investments		
Elyps solutions de répartition Inc.	17 500	13 500
CryoCath Technologies Inc.	14 500	
Ultra Vision Corporation	7 285	13 000
Hillman CDT LLC		30 060
UForce Inc.		7 600
Other	15 879	8 096
Investments, at cost		
Mining royalties	27 000	
Other	27 433	23 215
	167 270	272 154

a) In 2000, the company acquired joint ventures and significantly influenced companies. The cost of acquisition net of cash and cash equivalents acquired and the goodwill resulting from the main acquisitions are presented in the following table:

	% Acquired	Cost of acquisition	Goodwill	
			$	Amortization period
Joint ventures				
Groupe René Matériaux Composites Inc.	26.25	7 500	2 028	10 years
Draxis Pharma Inc.	32.05	7 400	2 082	5 years
Société de Cogénération de St-Félicien, LP	36.10	1 763	646	25 years
Optigaz Inc.	40.00	525	466	19 years
		17 188		
Significantly influenced companies				
Technologies Miranda Inc.	19.02	14 000	9 083	5 years
Atrium Biotechnologies Inc.	24.55	13 500	7 920	10 years
		27 500		

b) The acquisitions in the year have been accounted for by the purchase method. The company's share of the operating results of these companies has been included in the consolidated statement of earnings from the acquisition date. Net assets acquired, excluding cash and cash equivalents, are as follows:

15. ACQUISITIONS OF JOINT VENTURES AND LONG-TERM INVESTMENTS (cont'd)

Current assets	13 741
Capital assets	21 943
Goodwill	5 222
Other assets	3 122
	44 028
Current liabilities	10 672
Long-term debt	10 314
	20 986
	23 042
Portion acquired in 1999	5 854
Acquisition cost net of cash and cash equivalents acquired	17 188

16. DISPOSAL OF JOINT VENTURES AND LONG-TERM INVESTMENTS

	2000	1999
Subsidiary		21 077
Joint ventures (Note 16 a))	31 200	15 963
Significantly influenced company		139 968
Venture capital investments (Note 16 b))	3 271	414
Investments, at cost	17 563	52 966
	52 034	230 388

a) In 2000, the company disposed of its investment in a joint venture, Malette Rexfor Inc., as well as a portion of 20% of its investment in another joint venture, Corus, L.P. (formerly known as Reycan L.P.). The net assets dispose of, excluding cash and cash equivalents, are as follows

	2000
Current assets	21 227
Capital assets	87 389
Other assets	2 764
	111 380
Current Liabilities	11 400
Long-term debt	41 507
	52 907
Net assets disposed of	58 473
Gain on disposal	11 831
Total consideration received, net of disposed cash and cash equivalents	70 304
Debentures and preferred shares of Tembec Inc. received as consideration	(39 104)
Net proceeds on disposal	31 200

16. DISPOSAL OF JOINT VENTURES AND LONG-TERM INVESTMENTS (cont'd)

b) In June 2000, the company disposed of a venture capital investment for a total consideration of $24 932 000 in shares of another publicly held corporation, resulting in a gain of $17 276 000. As at December 31, 2000, a provision of $16 470 000 was recorded as a permanent decline in value of this investment.

17. FINANCIAL INSTRUMENTS

Financial instruments, in addition to those pertaining to long-term debt (Note 11), which represent an off-balance sheet risk are described hereunder.

Foreign currency

To reduce the impact of fluctuations in exchange rates on U.S. dollar revenue and purchases of equipment in yen, euros and Luxemburg francs, the company uses a combination of forward exchange contracts, options and currency swaps. As at December 31, 2000, the amounts relating to these financial instruments on the U.S. dollar, the yen, the euro and the Luxemburg franc amounted to US$55 900 000, ¥19 200 000, €2 566 500 and LUF81 095 000 respectively. These instruments maturing from December 2001 to 2003 had unrealized gains amounting to $729 000 as at December 31, 2000.

Credit risk

The above-mentioned contracts are offset by changes in the value of the underlying items being hedged. The company may be exposed to losses if the counterparties to the above contracts fail to perform. On December 31, 2000, the company is satisfied that the risk of such non-performance is remote.

The company invests its temporary investments according to established policies in securities of major financial institutions with a high credit rating. The company is subject to economic conditions affecting the industries in which it operates. The company continually monitors its clients' credit and establishes the provision for doubtful accounts based on the credit risk evaluated for each client. Management believes that there is no significant credit risk as at December 31, 2000.

18. JOINT VENTURES

Joint ventures of the company are accounted for using the proportionate consolidation method. The major components of the joint ventures included in these consolidated financial statements are:

	2000	1999
Consolidated statement of earnings		
Revenue	538 125	568 426
Operating income	7 609	37 323
Net earnings	1 596	20 234
Consolidated balance sheet		
Current assets	198 857	190 664
Long-term assets	574 231	456 709
Current liabilities	135 651	110 517
Long-term liabilities	174 276	121 049
Consolidated statement of cash flows		
Operating activities	10 784	38 079
Investing activities	(222 463)	(73 717)
Financing activities	29 364	23 167

19. COMMITMENTS

a) Financial assistance

A joint venture received financial assistance from the governments of Canada and Québec totalling $25 000 000 for the years 1983 and 1984 as compensation for losses incurred during those two years. This financial assistance included clauses providing for the reimbursement of the principal (and interest for the period from January 1, 1988 to December 31, 1992), based on the profitability of the joint venture, up to a maximum of $5 000 000 per year.

In 2000, the joint venture settled its obligation with the governments of Canada and Québec. A payment of $6 375 000 was made in November 2000 to settle the outstanding commitment of $18 172 731; this payment has been accounted for in the income statement. At December 31, 2000, the joint venture had extinguished its obligation in total, and therefore has no outstanding balance related to this commitment.

b) Long-term leases and commitments

The company is committed under long-term leases and contracts to make minimum payments totalling $43 110 000 during the next five years as follows:

2001	10 836
2002	9 672
2003	8 526
2004	7 356
2005	6 720

In addition, the company is committed to the acquisition of capital assets and purchases of services and raw materials totalling $173 000 000 during the next years. As at December 31, 2000, the company had also committed to subscribe to long-term investments for an amount of $48 000 000.

c) Credit facility

At December 31, 2000, the company has available committed lines of credit amounting to $263 000 000, which can be used for short-term or long-term financing and bear interest at prime rate or at the money market rate.

20. EMPLOYEE FUTURE BENEFITS

The company has various contributory and non-contributory defined benefit pension plans for its employees which are based on years of service and the average final earnings of the related employees. In addition, the company offers employees other post-retirement and post-employment benefits consisting mainly of group insurance plans which are not funded.

a) The following table presents information relating to the various plans of the company, as at December 31, 2000, as established by independent actuaries:

	Pension plans	Other plans	Total
Accrued benefit obligation	40 754	9 251	50 005
Plan assets at fair value	39 906		39 906
Deficit – end of year	(848)	(9 251)	(10 099)

20. EMPLOYEE FUTURE BENEFITS (cont'd)

	Pension plans	Other plans	Total
Accrued benefit assets	6 576		6 576
Accrued benefit liability	(2 051)	(9 739)	(11 790)
Net recorded amount	4 525	(9 739)	(5 214)

	Pension plans	Other plans	Total
Benefit cost	2 221	958	3 180
Employer contributions	2 193	126	2 319
Employee contributions	1 207		1 207
Benefits paid	4 220	128	4 348

b) The weighted average actuarial assumptions used by the company as at December 31, 2000 are as follows:

	Pension plans %	Other plans %
Discount rate	7.00	7.00
Long-term rate of return on plan assets	7.75	
Salary escalation rate	3.70	3.70

For measurement purposes, an annual weighted average rate of increase in the per capita cost of covered health care benefits of 9.2% was assumed for 2001. The rate was assumed to decrease gradually to reach approximately 5% in 2006 and remain at that level thereafter.

21. COMPARATIVE FIGURES

Certain comparative figures for the year ended December 31, 1999 have been reclassified to conform with the 2000 financial statement presentation.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

MANAGEMENT'S REPORT

To the Shareholder of
Société générale de financement du Québec

In the discharge of its duties, the Board of Directors of Société générale de financement du Québec has delegated to its officers the preparation of its consolidated financial statements.

The consolidated financial statements for 2000 have been audited by an independent firm of auditors, PricewaterhouseCoopers LLP, before their presentation to the Board of Directors, which has approved them upon recommendation of the duly constituted and appointed Audit Committee.

The management believes that these statements have been prepared in accordance with generally accepted accounting principles. They take into consideration, within reasonable limits, all significant accounting policies referred to in the notes to the consolidated financial statements.

The information contained in this annual report is consistent with the consolidated financial statements included herein.

Claude Blanchet
Chairman of the Board,
President and Chief Executive Officer

Daniel Paillé
Senior Vice-President and
Chief Financial Officer

May 11, 2001

AUDITORS' REPORT

To the Ministre de l'Industrie et du Commerce

We have audited the consolidated balance sheet of Société générale de financement du Québec as at December 31, 2000 and the consolidated statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards . Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year, with the exception of the changes in accounting policies described in Note 2.

PricewaterhouseCooper, LLP
Chartered Accountants

March 2, 2001

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC
(R.S.Q., c. S-17.1)

INCOME
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
REVENUE		
Rentals		
Government departments and agencies customers (Note 13)	437 082	422 892
Other customers	32 418	19 520
Leasehold improvements and other services offered to customers	88 964	69 059
Leasing of dams	2 297	5 062
Other	533	77
	561 294	516 610
EXPENDITURE		
Rent and business taxes on leased property	171 409	171 690
Preservation and operating expenses for immovables (Note 14)	92 760	81 868
Financial expenses – net (Note 15)	69 981	62 742
Real estate and business taxes on immovables	64 957	56 707
Leasehold improvements and other services offered to customers	82 752	64 211
Depreciation (Note 16)	24 395	21 048
Relocation expenses (Note 17)	3 459	8 777
Wages, other direct costs and general and administrative expenses posted to operations (Note 18)	27 314	27 906
General and administrative expenses – net (Note 18)	12 238	8 568
Expenses related to dams	2 230	4 908
	551 495	508 425
INCOME BEFORE OTHER ITEMS	9 799	8 185
Other items:		
Gain on disposal of fixed assets	197	4 457
Additional charges for sick leave (Note 19)	(3 001)	
	(2 804)	4 457
NET INCOME	6 995	12 642

RETAINED EARNINGS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
OPENING BALANCE	6 066	5 424
Net income	6 995	12 642
	13 061	18 066
Rebate paid to departments and agencies of the Gouvernement du Québec		12 000
CLOSING BALANCE	13 061	6 066

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

BALANCE SHEET
as at March 31, 2001
(in thousands of dollars)

	2001	2000
ASSETS		
Immovables and dams (Notes 3 and 4)	1 340 087	1 266 830
Expansion of Palais des Congrès de Montréal (Notes 4 and 5)	67 733	6 136
Equipment (Note 6)	5 023	4 233
Accounts receivable (Note 7)	44 574	40 153
Other assets – net (Note 8)	31 697	38 805
	1 489 114	1 356 157
LIABILITIES		
Long-term debt (Note 9)	957 522	824 314
Short-term borrowings (Note 10)	314 419	333 910
Accounts payable and accruals (Note 11)	114 342	99 458
Outstanding cheques less cash on hand	2 103	4 742
	1 388 386	1 262 424
SHAREHOLDER'S EQUITY		
Capital stock (Note 12)	80 001	80 001
Contribution of the Gouvernement du Québec	7 666	7 666
Retained earnings	13 061	6 066
	100 728	93 733
	1 489 114	1 356 157

COMMITMENTS (Note 23)

CONTINGENCIES (Note 24)

On behalf of the Board of Directors,
Jean-P. Vézina, President and Chief Executive Officer
André Harel, Administrator

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Accounts receivable– clients	564 552	516 355
Accounts payable– suppliers and staff members	(371 305)	(385 270)
Interest earned	1 284	3 829
Interest paid	(81 269)	(81 718)
Cash flows related to operating activities	113 262	53 196
INVESTMENT ACTIVITIES		
Acquisitions of immovables and dams	(144 313)	(104 829)
Expansion of Palais des Congrès de Montréal	(59 539)	(1 042)
Acquisitions of equipment	(1 613)	(1 050)
Acquisitions of other net assets	(9 273)	(174)
Proceeds from disposal of immovables	1 777	9 644
Cash flows related to investment activities	(212 961)	(97 451)
FINANCING ACTIVITIES		
Royalty paid to departments and agencies of the Gouvernement du Québec	(12 000)	(5 000)
Proceeds from long-term borrowings	229 300	116 920
Proceeds from short-term net borrowings	(19 491)	33 112
Reimbursement of debt under capital lease contracts	(277)	(540)
Reimbursement of long-term debt	(95 194)	(99 325)
Cash flows related to financing activities	102 338	45 167
NET INCREASE IN CASH AND CASH EQUIVALENTS	2 639	912
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(4 742)	(5 654)
CASH AND CASH EQUIVALENTS, END OF YEAR	(2 103)	(4 742)

Cash and cash equivalents include cash on hand less outstanding cheques.

NOTES TO FINANCIAL STATEMENTS
March 31, 2001
(in thousands of dollars)

1. CONSTITUTION AND PURPOSE

The Société immobilière du Québec is a joint stock company established by the Act respecting the Société immobilière du Québec (R.S.Q., c. S-17.1). Its purpose is to make buildings and property available to Government departments and agencies, for a consideration, and provide them with construction, operating and management services.

2. ACCOUNTING POLICIES

The financial statements of the Société have been prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

The Société's accounting policies and standards for presenting financial information comply with the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Private and Public Real Estate Companies.

Immovables

- *In operation*

Immovables in operation are accounted for at cost.

- *Under construction*

The cost of immovables under construction includes, in addition to direct costs, operating expenses, property taxes, interest and the applicable portion of general and administrative expenses related thereto, less rental income. Immovables under construction are not deemed to be in operation until the project is fully completed and the premises have reached a satisfactory level of occupancy within a reasonable time limit.

- *Intended for sale*

Immovables intended for sale are valued at the lower of amortized cost and net realizable value. No depreciation on these immovables is recorded once the Société decides to sell them.

Dams

Dams, including related movables and immovables, are accounted for at cost.

The cost of dams under construction includes, in addition to direct costs, property taxes, interest and the applicable portion of general and administrative expenses related thereto.

Equipment

Equipment is recorded at cost.

Depreciation of fixed assets

Immovables in operation are depreciated according to the sinking fund method, at an annual rate of 5% over their estimated useful lives, which ranges from 15 to 50 years.

Dams are depreciated over a period of 15 to 50 years according to the sinking fund method, at a percentage rate determined annually and based on mean weighted cost of debt.

Equipment is depreciated according to the straight-line method over an estimated useful life of 5 years.

Major leasehold improvements made on behalf of customers are amortized over a period of 15 years. Amortization is calculated according to the sinking fund method at a rate corresponding to that charged to the customer.

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

---

2. ACCOUNTING POLICIES (cont'd)

Capitalized interest

The portion of interest attributable to immovables and dams under construction is capitalized using the weighted average rate of interest-bearing debts.

Other assets

- *Deferred expenses*

The discount and issuing expenses for the long-term debt are amortized over the duration of the debt on a straight-line basis. Amortization of the discount is calculated over the duration of the debt using the effective interest method.

The cost of developing computer systems is amortized according to the straight-line method over a period of 5 years.

The other deferred expenses and income are amortized according to the straight-line method over a period of 5 to 30 years.

- *Capital lease contract*

The deferred financing revenue related to the capital lease contract is amortized over 12 years at a rate of 8.83%.

- *Work in progress*

Work in progress consists of construction and minor leasehold improvement projects that have not been completed and that must be billed either when a progress report is submitted or upon completion of work. Such work is recorded at cost, less amounts billed.

Pension plans

The Société participates in government defined benefit plans. Since it lacks sufficient information to apply the accounting procedure for defined benefits plans, it applies the accounting procedure used for defined contribution plans.

3. IMMOVABLES AND DAMS

	Land	Buildings	Dams	Immovables under capital leases	Major improvements	2001 Total	2000 Total
In operation	115 909	1 195 084	25 192	56 041	159 224	1 551 450	1 452 508
Under construction	3 584	11 399	55		15 405	30 443	26 486
Intended for sale	1 732	3 989				5 721	15 074
	121 225	1 210 472	25 247	56 041	174 629	1 587 614	1 494 068
Accumulated depreciation		199 446	4 639	5 955	37 487	247 527	227 238
	121 225	1 011 026	20 608	50 086	137 142	1 340 087 *	1 266 830

* Including $33.8 million (2000: $46.4 million) for major improvements related to immovables rented by the Société.

4. COSTS CAPITALIZED – IMMOVABLES, DAMS AND EXPENSION OF THE PALAIS DES CONGRÈS DE MONTRÉAL

During the year, the following costs were capitalized:

	2001	2000
Wages, other direct cost and general and administrative expenses (Note 18)	6 438	6 947
Interest (Note 15)	2 895	2 406
Operating expenses, property taxes less rental income	93	346
	9 426	9 699

5. EXPANSION OF THE PALAIS DES CONGRÈS DE MONTRÉAL

The Société is mandated to expand the Palais des Congrès de Montréal. It will assign the Société du Palais des congrès de Montréal all work carried out for a sum equivalent to the costs incurred for the expansion. Expansion work is expected to end on May 31, 2002.

The Palais des Congrès de Montréal expansion is recorded at cost. The project cost under the responsibility of the Société is estimated at $229.7 million. In addition to direct costs, these costs include interest, and related general and administrative costs.

6. EQUIPMENT

	2001	2000
Cost	15 355	13 742
Accumulated depreciation	10 332	9 509
Net book value	5 023	4 233

7. ACCOUNTS RECEIVABLE

	2001	2000
Related parties	29 451	24 510
Other	15 123	15 643
	44 574	40 153

8. OTHER ASSETS - NET

	2001	2000
Deferred expenses, at amortized cost:		
Capitalized lease (a)		10 224
Discount and issue expenses on long-term debt	2 748	2 553
Development of computer systems	1 241	1 280
Other costs and deferred proceeds	5 320	(256)
Amounts carried forward	9 309	13 801

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

8. OTHER ASSETS – NET (cont'd)

	2001	2000
Amounts brought forward	9 309	13 801
Mortgage receivable – net (b)	10 597	10 829
Sales-type lease – net	1 542	1 652
Deposits		3 551
Prepaid expenses	4 145	2 698
Work in progress	2 710	2 117
Air right		1 041
Investment – Société Bon Pasteur Enr.	3 394	3 116
	31 697	38 805

(a) Transferred to the cost of land and buildings in operation following the acquisition of the La Laurentienne Complex.
(b) First mortgage, pari passu, effective rate of 6.5%, maturing in 2002.

9. LONG-TERM DEBT

	2001	2000
Bonds (a)		
Series B, bearing interest at a nominal rate of 9.15% (effective rate of 9.36%), maturing in 2006	10 245	10 245
Series E, bearing interest at a nominal rate of 10.10% (effective rate of 10.36%), maturing in 2013, with an option to redeem (b)	59 428	59 428
Series F, bearing interest at a nominal rate of 10.50% (effective rate of 10.78%), maturing in 2014	150 000	150 000
Notes owed to the Financing Fund of the Gouvernement du Québec		
Interest at a nominal rate of 10.00%, (effective rate of 9.10%), maturing in 2000		95 809
Interest at a nominal rate of 10.25%, (effective rate of 10.74%), maturing in 2001	40 000	40 000
Interest at a nominal rate of 5.25%, (effective rate of 5.74%), maturing in 2002	50 000	50 000
Interest at a nominal rate of 5.487%, (effective rate of 5.65%), maturing in 2002	79 024	79 024
Interest at a nominal rate of 5.775%, (effective rate of 5.97%), maturing in 2005	100 000	
Interest at a nominal rate of 5.402%, (effective rate of 5.59%), maturing in 2005	54 000	
Interest at the nominal rate for bank acceptances plus 0.658 % (effective rate plus 0.224%), maturing in 2002	27 000	27 000
Interest at the nominal rate for bank acceptances plus 0.1125% (effective rate plus 0.25%), maturing in 2003	61 000	61 000
Interest at the nominal rate for bank acceptances plus 0.258% (effective rate plus 0.28%), maturing in 2007	28 920	28 920
Amounts carried forward	659 617	601 426

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

9. LONG-TERM DEBT (cont'd)

	2001	2000
Amounts brought forward	659 617	601 426
Borrowings linked to interest-rate swap agreement (c)		
Interest at an effective rate of 5.52%, maturing in 2002	150 000	150 000
Interest at an effective rate of 5.74%, maturing in 2008	20 000	20 000
Interest at an effective rate of 6.83%, maturing in 2030	40 300	
Interest at an effective rate of 6.40%,maturing in 2030	35 000	
Commitments under capital leases (d)	52 211	52 488
Borrowings at varying rates and terms	394	400
	957 522	824 314

Payments of principal for the next five fiscal years, excluding capital lease contracts, are as follows:

Year	
2002	190 007
2003	156 031
2004	61 008
2005	9
2006	154 012
	561 067

(a) Principal and interest payments are guaranteed by the Gouvernement du Québec.

(b) On March 28 of each year from 2002 to 2012 inclusive, holders may exercise this option and demand the redemption by the Société of the bonds at par value. The maximum value of bonds the Société would be required to redeem over the next 11 fiscal years is $9 million annually.

(c) These interest-rate swap agreements allow the short-term borrowings variable rates to be converted into fixed long-term rates. These temporary borrowings will be renewed on maturing during the entire duration of the interest-rate swap agreement.

(d) The minimum payments for capital leases for the coming fiscal years are as follows:

Year	
2002	9 849
2003	9 849
2004	9 849
2005	9 849
2006	9 849
Thereafter	214 645
Total minimum payments payable	263 890
Less: Theoretical interest at a rate of 10.61%	116 279
Incidental expenses	95 400
	211 679
	52 211

10. SHORT-TERM BORROWINGS

The short-term borrowings of the Société bear interest at an average rate of 5.02% and mature between April 2 and September 6, 2001.

11. ACCOUNTS PAYABLE AND ACCRUALS

	2001	2000
Related parties	13 464	18 066
Other	100 878	81 392
	114 342	99 458

12. CAPITAL STOCK

The shares of the Société immobilière du Québec are held by the Minister of State for the Economy and Finance.

	2001	2000
Authorized: 100 000 shares with a par value of $1 000 each		
Issued and paid up: 80 001 shares	80 001	80 001

13. RENTAL INCOME

Rental income for the year ended March 31, 2001 was billed on the basis of foreseeable costs. These costs were allocated to department and agency customers according to the pricing regulations for services rendered by the Société. Occupancy agreements were then signed by the Société and the Government departments and agencies, customers required to deal with the Société under Order-in-Council 1091-98.

14. PRESERVATION AND OPERATING EXPENSES FOR IMMOVABLES

	2001	2000
Preservation	20 375	18 972
Operating	73 396	63 848
	93 771	82 820
Less: Operating expenses for Société offices	1 011	952
	92 760	81 868

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

15. FINANCIAL EXPENSES - NET

	2001	2000
Interest expenses:		
Long-term debt		
Bonds and notes	42 489	48 337
Borrowings linked to interest-rate swap agreements	12 831	9 299
Commitments under capital leases	5 555	5 609
Borrowings at varying rates and terms	47	58
Amortization of the premium, discount and issue expenses on long-term debt	621	(566)
Loan guarantee expenses	1 098	1 323
Short-term borrowings	23 042	18 300
	85 683	82 360
Interest income:		
Short-term deposits	96	84
Mortgage	678	692
Sale-type lease	247	284
Contesting taxes – net	(156)	2 900
Other	29	27
	894	3 987
	84 789	78 373
Less:		
Interest capitalized to immovables, dams and expansion of the Palais des Congrès de Montréal	2 895	2 406
Interest charged to Société offices	1 602	1 560
Interest charged to leasehold improvements and other services offered to customers	8 864	9 973
Interest charges do dam-related expenses	1 447	1 692
	14 808	15 631
	69 981	62 742

16. DEPRECIATION

	2001	2000
Immovables, leasehold improvements and dams	80 010	60 187
Equipment and other assets	2 808	1 892
	82 818	62 079
Less depreciation charged to:		
Developments and other customer services	56 994	37 248
General and administrative expenses		
Equipment and computer systems development	434	399
Administrative offices expenses	429	385
Dam-related expenses	566	2 999
	58 423	41 031
	24 395	21 048

17. RELOCATION EXPENSES

Within the framework of its policy of attrition and attribution of space, the Société assumes the cost of relocating its customers, including moving and leasehold improvement or fit-up expenses. These expenses are financed entirely by the reduction in costs associated with surplus space.

18. GENERAL AND ADMINISTRATIVE EXPENSES - NET

	2001	2000
Salaries and fringe benefits	35 440	35 950
Administrative offices expenses	4 319	4 114
Travelling expenses	339	375
Professional services	198	136
Professional upgrading	303	275
Postage, courier and telecommunications	997	883
Communication and marketing	75	70
Supplies and other expenses	552	605
Computer systems	479	548
Depreciation of equipment and computer systems development	434	399
Other expenses *	2 854	66
	45 990	43 421
Less:		
Salaries, other direct costs and general and administrative expenses charged to property operation and leasehold improvements	27 314	27 906
Salaries, other direct costs and general and administrative expenses capitalized to immovables, dams and expansion of the Palais des Congrès de Montréal	6 438	6 947
	33 752	34 853
Total general and administrative expenses	12 238	8 568

* The other charges include an expenditure of $2.6 million (2000: $57 000) for bad debts.

19. ADDITIONAL CHARGES FOR SICK LEAVE

During the fiscal year ended March 31, 2001, the Société gave consideration for all sick leave accumulated by its employees despite the fact that in previous years, it gave consideration for only 50%. This increased the charge for the year by $3.0 million. Accounts payable and accrued liability include $5.4 million as a provision for sick leave (2000: $2.4 million).

20. FINANCIAL INSTRUMENTS - FAIR VALUE

As at March 31, 2001, the fair value of the Société's long-term debt of $957 million (2000: $824 million) amounted to $1 020 million (2000: $884 million) owing to the discounting of cash flows using quoted market rates for fixed-rate securities of a similar nature.

The fair value of other financial instruments of assets and liabilities is approximately equal to their book value given the instruments' short-term due dates.

21. FUTURE FRINGE BENEFITS

Pension Plans

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $0.9 million (2000: $1.6 million).The liability of the Société towards these Government plans is restricted to its contributions as an employer.

The reduction in expenditure for the year ended March 31, 2001 is due to a significant decrease in employer contribution rates for regular RREGOP service.

22. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

23. COMMITMENTS

Operating leases

The minimum payments required under operating leases are as follows:

Year	
2002	148 444
2003	133 227
2004	123 427
2005	103 127
2006	72 186
Thereafter	235 415
	815 826

Construction and major leasehold improvement projects

As at March 31, 2001, external work and fees related to construction and major leasehold improvement projects were part of contractual agreements totalling $144 million, of which $132 million are linked to the expansion of the Palais des Congrès de Montréal.

24. CONTINGENCIES

Claims and legal proceedings totalling $26 million were outstanding against the Société at the time these financial statements were being prepared. Based on the information available, management feels, that for more than $24 million of these contingencies, it is very unlikely that the Société's liability for these claims and legal proceedings is sufficiently important to affect its financial position.. For a $2 million balance, a provision for eventual losses was posted to the financial statement.

Legal proceedings related to dams during the July 1996 flooding in the Saguenay, estimated at approximately $180 million, were instituted against the Société. However, in this regard, management has good reason to believe that it will not have to assume any liability whatsoever.

If need be, any payments made by the Société will be charged to the year-end statement or capitalized to immovables according to the type of claim.

25. COMPARATIVE FIGURES

Certain 2000 figures have been reclassified for consistency with the presentation adopted in 2001.

MANAGEMENT'S REPORT

The financial statements of the Corporation were drawn up by the management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

Management adopted a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly.

The Board of Directors fulfilled its responsibility with regard to the financial statements, mainly through its audit committee. This committee met with management and the internal auditor from time to time to ensure that the internal accounting controls were adequate and that the financial data pertaining to the Société was reported in its entirety. The committee examined the financial statements and recommended that the Board of Directors adopt them.

The Auditor General of Québec has conducted an audit of Société's financial statements, in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any matter concerning his audit.

Jean-P. Vézina
President and Chief Executive Officer

Diane Delisle
Vice-President, Administration and Finance

Québec, June 4, 2001

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

AUDITOR'S REPORT

To the Minister of State for the Economy and Finance

I have audited the balance sheet of the Société immobilière du Québec as at March 31, 2001, and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 4, 2001

SOCIÉTÉ INNOVATECH DU GRAND MONTRÉAL
(R.S.Q., c. S-17.2.0.1)

EARNINGS
for the year ended March 31, 2001

	2001	2000
REVENUES		
Gains on disposal of investments	$12 404 852	$13 504 145
Investment income	2 210 408	1 629 977
Interest on temporary investments	1 722 525	1 155 942
Grant from the Government of Québec		18 854
Other	73 116	160 053
	16 410 901	16 468 971
EXPENSES		
Operating expenses		
Salaries and benefits	2 280 662	1 888 045
Professional and contractual services (Note 4)	178 607	253 434
Rent, taxes and insurance	292 957	280 452
Advertising, promotion and annual report	520 970	404 250
Telephone and courier	89 875	61 964
Travel and business development	303 587	232 264
Office expenses	134 823	116 041
Amortization of capital assets	137 743	110 166
Other	274 925	102 546
	4 214 149	3 449 162
Non-refundable contribution		40 000
Loan impairment	1 160 185	1 790 181
Permanent decline in value of equity interests	7 147 479	5 103 714
	8 307 664	6 893 895
	12 521 813	10 383 057
NET EARNINGS BEFORE PRIVATIZATION INITIATIVE EXPENSES	3 889 088	6 085 914
Privatization intiative expenses	838 860	
NET EARNINGS	$3 050 228	$6 085 914

SHAREHOLDER'S EQUITY
for the year ended March 31, 2001

	2001	2000
SHARE CAPITAL (Note 8)	$271 948 000	$229 948 000
RETAINED EARNINGS		
Balance at beginning of year	10 578 157	4 492 243
Net earnings	3 050 228	6 085 914
Balance at end of year	13 628 385	10 578 157
SHAREHOLDER'S EQUITY	$285 576 385	$240 526 157

SOCIÉTÉ INNOVATECH DU GRAND MONTRÉAL

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash	$2 009 570	$3 877 235
Temporary investments (Note 5)	43 396 330	37 031 635
Accounts receivable (Note 3)	5 896 629	3 911 182
Prepaid expenses	55 742	56 633
	51 358 271	44 876 685
Loans receivable, non-interest bearing and maturing from November 2002 to December 2002	1 180 850	600 000
Interest receivable	99 148	484 421
Investments, at cost (Note 6)	234 245 498	195 661 782
Capital assets (Note 7)	248 394	274 482
	$287 132 161	$241 897 370
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$1 555 776	$1 371 213
SHAREHOLDER'S EQUITY	285 576 385	240 526 157
	$287 132 161	$241 897 370

COMMITMENTS (Note 10)

CONTINGENCIES (Note 11)

On behalf of the Board of Directors,
Jacques Allard
Vice-Chairman of the Board and
Chairman of the Audit Committee

Denise Martin
Director

SOCIÉTÉ INNOVATECH DU GRAND MONTRÉAL

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$3 050 228	$6 085 914
Adjustments for:		
Amortization of capital assets	137 743	110 166
Gains on disposal of capital assets		(342)
Interest capitalized to investments	(1 096 749)	(218 345)
Loan impairment	1 160 185	1 790 181
Permanent decline in value of equity interests	7 147 479	5 103 714
Gains on disposal of investments	(12 404 852)	(13 504 145)
Deferred grant from the Government of Québec		(18 854)
	(2 005 966)	(651 711)
Changes in non-cash working capital items:		
Increase in accounts receivable	(1 985 447)	(2 879 381)
Decrease (increase) in prepaid expenses	891	(32 836)
Increase in loans receivable	(580 850)	(600 000)
Decrease (increase) in interest receivable	385 273	(484 421)
Increase in accounts payable and accrued liabilities	184 563	824 041
	(4 001 536)	(3 824 308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(111 655)	(87 675)
Proceeds on disposal of capital assets		342
Venture capital investments	(69 985 567)	(72 550 670)
Proceeds on disposal of venture capital investments	33 482 430	39 778 084
Reimbursement of venture capital investments	3 113 358	6 887 466
	(33 501 434)	(25 972 453)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of share capital	42 000 000	35 000 000
NET INCREASE IN CASH AND CASH EQUIVALENTS	4 497 030	5 203 239
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	40 908 870	35 705 631
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 13)	$45 405 900	$40 908 870

SOCIÉTÉ INNOVATECH DU GRAND MONTRÉAL

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

---

1. GOVERNING STATUTE AND NATURE OF ACTIVITIES

Société Innovatech du Grand Montréal is a legal person of public law established under Chapter 33 of the statutes of 1992 and continued as a company with share capital by virtue of its governing statute, the Act respecting Société Innovatech du Grand Montréal (R.S.Q., c. S-17.2.0.1). The Société's mission is to promote and support initiatives designed to develop technological innovation capabilities in the territory described in Schedule A of its governing statutes, namely the aggregate of the territories of the municipal bodies comprising the south-western part of the Province of Québec, and thereby enhance competitiveness and economic growth while generating returns that will sustain its activities.

The Société defines itself as a venture capital corporation; that is, its investment commitments are made in the form of speculative investments in companies with strong growth potential.

2. ACCOUNTING POLICIES

The financial statements of the Société have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts based on management's best estimates and judgments.

Investments

Venture capital investments are made in the form of:

- common shares
- preferred shares
- limited partnership units
- loans
- warrants

Loans include capitalized interest, when provided for under agreement. Investments are accounted for at cost, less any permanent decline in value and allowance for loan impairment, if applicable.

Allowance for loan impairment

When loans are identified as impaired, their carrying amounts are reduced to their estimated realizable value. When the amounts and the timing of future cash flows cannot be estimated with reasonable reliability, estimated realizable value is measured at observable market prices or according to management's judgment.

Cash flows

The Société presents in its cash and cash equivalents bank balances and temporary investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives under the straight-line method at the following rates:

Furniture and equipment	20%
Computer hardware and software	20% and 33 1/3%
Leasehold improvements	20%

3. ACCOUNTS RECEIVABLE

	2001	2000
Accounts receivable	$1 330 565	$1 231 943
Proceeds receivable on disposal of investments	4 566 064	2 679 239
	$5 896 629	$3 911 182

4. PROFESSIONAL AND CONTRACTUAL SERVICES

The amounts the Société receives as reimbursement of expenses for analyzing investment files, representing $463 938 (2000: $560 660), are netted against professional and contractual services.

5. TEMPORARY INVESTMENTS

The temporary investments are recorded at cost. These cash surpluses are invested in a treasury management fund.

6. INVESTMENTS, AT COST

	2001	2000
Common shares		
- private companies	$95 431 092	$108 363 403
- public companies	60 434 225	29 431 477
Preferred shares		
- redeemable and/or convertible (maturing from 2001 to 2005)	3 514 533	3 014 533
- redeemable and/or convertible (unspecified maturity)	37 316 991	27 471 584
Limited partnership units	11 158 338	8 944 538
Loans		
- convertible (maturing from 2001 to 2009)	16 579 814	6 487 399
- convertible (unspecified maturity)	2 756 519	3 079 367
- non-convertible (maturing from 2001 to 2008)	11 756 312	12 112 326
- non-convertible (unspecified maturity)	3 334 430	3 380 142
Warrants	270 908	270 908
	242 553 162	202 555 677
Less:		
Allowance for loan impairment	1 160 185	1 790 181
Permanent decline in value of equity interests	7 147 479	5 103 714
	$234 245 498	$195 661 782

7. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	$232 748	$138 592	$94 156	$95 937
Computer hardware and software	466 340	313 938	152 402	175 263
Leasehold improvements	8 353	6 517	1 836	3 282
	$707 441	$459 047	$248 394	$274 482

8. SHARE CAPITAL

The principal purpose of the Act respecting Société Innovatech du Grand Montréal is to enable the Société to continue its existence and to be endowed with authorized capital of $350 000 000.

The share capital is issued to the Minister of Finance and is therefore under the responsibility of the Government of Québec.

	2001	2000
Authorized		
3 500 000 common shares with a par value of $100 each		
Issued and paid		
2 719 480 common shares (2000: 2 299 480)	$271 948 000	$229 948 000

During the year, the Société issued 420 000 common shares for cash consideration of $42 000 000.

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions already disclosed in the financial statements, measured at the exchange amount, the Société is related to all government departments and special funds, as well as to all agencies and companies that the Government of Québec controls directly or indirectly or over which it exercises joint control or significant influence. The Société has not entered into any business transactions with these related parties other than those in the normal course of operations and according to standard commercial terms. These transactions are not disclosed separately in the financial statements.

10. COMMITMENTS

As at March 31, 2001, the Société's commitments with respect to financial support for initiatives were as follows:

	2001
Common shares	$16 616 068
Preferred shares	16 470 200
Limited partnership units	25 690 476
Loans	4 275 000
	$63 051 744

11. CONTINGENCIES

The Société has guaranteed a loan for a company in which it has a venture capital investment. As is the case for the other investors, the Société's guarantee is based on a pro rata share of its investment.

The Société's guarantee is for a maximum of $1.1 million, which is the subject of legal proceedings. In the opinion of management, the outcome of these proceedings cannot be determined. Therefore, no provision has been recorded in these financial statements.

---

12. FINANCIAL INSTRUMENTS

Fair value

The fair value of short-term financial instruments approximates their carrying amount, given that they mature in the near future. The fair value of long-term financial instruments has been determined internally using valuation methods used in venture capital markets. Under these methods, common shares of private companies are valued at acquisition cost, unless a tangible, quantifiable event with a significant impact on the value of the companies substantiates an increase or a decrease in value.

However, if the fair value of these instruments remains at acquisition cost for over 36 months due to the absence of such events, it will be reassessed extensively. Fixed-income investments are calculated at their present value only when the rate of return is lower than the discount rate. If the rate of return is higher, the fair value remains at acquisition cost, unless a tangible event substantiates a write-down in value.

	2001		
	%	Book value	Fair value
Common shares	63.5	$148 717 837	$188 289 815
Preferred shares	17.4	40 831 525	47 086 661
Limited partnership units	4.8	11 158 338	13 106 398
Loans *	14.2	33 266 890	31 007 044
Warrants	0.1	270 908	2 253 903
Total	100.0	$234 245 498	$281 743 821

	2000		
	%	Book value	Fair value
Common shares	68.2	$133 496 542	$242 115 165
Preferred shares *	15.2	29 680 742	23 587 470
Limited partnership units	4.6	8 944 538	15 330 607
Loans *	11.9	23 269 052	23 236 952
Warrants	0.1	270 908	2 179 433
Total	100.0	$195 661 782	$306 449 627

* The fair values of the loans or preferred shares are lower than their book values since the discount rate used is higher than the rate of return in the case of some investments. The Société has not recorded any provision, since it should recover their full book value.

12. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk

The Société is exposed to risks related to economic conditions affecting the sectors in which it is involved. The investments are in the following three business units:

- Health Sciences: 40% (2000: 38%)
- Information Technology and Telecommunications: 33% (2000: 34%)
- Advanced Technologies: 27% (2000: 28%)

The Société reviews its investments on an ongoing basis and determines permanent declines in value based on the risk the companies represent. According to management, there are no material unrecorded risks as at March 31, 2001.

Interest Rate Risk

Interest rates on investments and the risk to which the Société is exposed with respect to interest rates are summarized in the following table:

	Without interest	Floating rate	Fixed rate until maturity of investment	Total
Investments				
Convertible loans	$125 000	$600 000	$18 611 333	$19 336 333
Non-convertible loans	900 000	9 836 899	4 353 843	15 090 742
	$1 025 000	$10 436 899	$22 965 176	$34 427 075

Average effective interest rate: 10.2%
Interest rates range from 4.75% to 20%.

13. CASH AND CASH EQUIVALENTS

	2001	2000
Cash	$2 009 570	$3 877 235
Temporary investments	43 396 330	37 031 635
	$45 405 900	$40 908 870

SOCIÉTÉ INNOVATECH DU GRAND MONTRÉAL

MANAGEMENT'S REPORT

The financial statements of Société Innovatech du Grand Montréal have been drawn up by management, which is responsible for their preparation and presentation, including significant estimates and judgments. This responsibility includes choosing the appropriate accounting policies in accordance with Canadian generally accepted accounting principles. The financial information presented elsewhere in this Annual Report is consistent with that shown in the financial statements.

In assuming its responsibility, management maintains the necessary accounting and internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are recorded in an appropriate and timely manner and are duly approved and reliable financial statements are prepared.

The Société acknowledges that it is responsible for managing its affairs in accordance with its governing legislation and regulations.

The Board of Directors oversees the manner in which management assumes its responsibilities with respect to financial information and has approved the financial statements. It is assisted by the Audit Committee, whose members are not members of management. The Committee meets with management and the auditor, examines the financial statements and recommends their approval by the Board of Directors.

The Auditor General of Québec has audited the financial statements of the Société in accordance with Canadian generally accepted auditing standards. His report describes the nature and scope of the audit and gives his opinion thereon. The Auditor General may meet freely with the Audit Committee to discuss any matter related to this audit.

Hubert Manseau
President and Chief Executive Officer

Montréal, May 29, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of Société Innovatech du Grand Montréal as at March 31, 2001 and the statements of earnings, shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec City, May 29, 2001

SOCIÉTÉ INNOVATECH DU SUD DU QUÉBEC
(R.S.Q, c. S-17.2.2)

RESULTS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Subsidy from the Gouvernement du Québec (Note 3)	$208 846	$789 718
Investment income	190 782	165 357
Interest income on bank balance	134 724	174 984
Professional services	72 492	92 030
	606 844	1 222 089
EXPENDITURE		
Operating expenses:		
Salaries and fringe benefits	561 853	394 174
Professional and contractual services	124 111	93 620
Rent, taxes and insurance	85 047	79 149
Travelling and business development	81 096	46 169
Office expenses	84 128	67 066
Advertising and promotion	73 606	37 476
Telephone and messenger services	11 091	9 479
Training	14 021	1 165
Bank charges	3 199	1 772
Loss on disposal of investments assets	879	
Depreciation of fixed assets	37 681	39 718
Other		28 035
	1 076 712	797 823
Non-refundable contributions		100 071
Doubtful accounts	22 060	79 975
Doubtful loans	470 000	750 000
Permanent decline in value on capital-stock investments	3 763 307	925 000
	4 255 367	1 754 975
	5 332 079	2 652 869
NET LOSS	$(4 725 235)	$(1 430 780)

SOCIÉTÉ INNOVATECH DU SUD DU QUÉBEC

SHAREHOLDER'S EQUITY
for the year ended March 31, 2001

	2001	2000
CAPITAL STOCK (Note 6)	$21 000 800	$15 400 800
CONTRIBUTED SURPLUS		
Contribution from the Gouvernement du Québec	1 385 130	1 385 130
DEFICIT		
Opening balance	(1 437 042)	(6 262)
(Net loss)	(4 725 235)	(1 430 780)
Closing balance	(6 162 277)	(1 437 042)
SHAREHOLDER'S EQUITY	$16 223 653	$15 348 888

SOCIÉTÉ INNOVATECH DU SUD DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$2 120 176	$3 215 019
Accounts receivable and accrued interest (Note 4)	208 852	61 059
Prepaid expenses	40 491	9 456
	2 369 519	3 285 534
Investments (Notes 5 and 7)	13 889 877	12 050 805
Fixed assets (Note 8)	66 964	65 631
	$16 326 360	$15 401 970
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$102 707	$44 236
Deferred Gouvernement du Québec subsidy (Note 3)		8 846
	102 707	53 082
SHAREHOLDER'S EQUITY	16 223 653	15 348 888
	$16 326 360	$15 401 970

COMMITMENTS (Note 10)

CONTINGENCY (Note 11)

On behalf of the Board of Directors,
Paul I. Lambert, Chairman of the Board
Daniel Poisson, President-CEO and member of the Board

SOCIÉTÉ INNOVATECH DU SUD DU QUÉBEC

CASH FLOW
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Net loss	$(4 725 235)	$(1 430 780)
Adjustments for:		
Loss on disposal of investments	37 681	39 718
Permanent decline in value, doubtful loans and accounts	4 255 367	1 754 975
Conversion of advances into non-refundable contributions		65 000
Deferred Gouvernement du Québec subsidy	(8 846)	(39 718)
Loss on disposal of assets	879	
	(440 154)	389 195
Changes in non-cash items related to operations:		
Increase in debtors and interest accrued	(160 460)	(50 581)
Increase in prepaid costs	(31 035)	(4 924)
Increase in creditors and accrued costs	58 471	15 010
	(573 178)	348 700
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(40 358)	(37 238)
Proceed from disposal of fixed assets	465	
Acquisition of investments	(6 381 774)	(6 117 733)
Proceed from disposal of investments	300 002	
	(6 121 665)	(6 154 971)
FINANCING ACTIVITIES		
Capital stock issue	5 600 000	3 500 000
	5 600 000	3 500 000
NET DECREASE IN CASH ON HAND	(1 094 843)	(2 306 271)
CASH ON HAND, BEGINNING OF YEAR	3 215 019	5 521 290
CASH ON HAND, END OF YEAR	$2 120 176	$3 215 019

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

The Société Innovatech du sud du Québec is a legal person established in the public interest under Chapter 19 of the 1995 statutes and constituted as a corporation through its governing statute, i.e. the Act respecting Société Innovatech du sud du Québec (S.Q. 1998, c. 22). The Société's mission is to promote and support initiatives likely to increase the capacity for technical innovation on the territory described in Schedule A of its incorporating Act, namely, all territories of the municipal agencies comprising the south-western portion of the province of Québec, and, thereby, to enhance Québec's competitiveness and economic growth, while ensuring a rate of return enabling it to continue its activities.

The Société defines itself as a venture capital agency; in other words, its investment commitments take the form of leveraged investments in companies with strong growth potential. However, the Société paid amounts in the form of a non-refundable contribution under commitments entered into in previous fiscal years

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgements.

Investments

Venture capital investments are in the form of:

- Common stock;
- Preferred stock convertibles;
- Preferred stock;
- Shares in limited partnerships;
- Debenture convertibles;
- Loans and advances;
- Stock option.

Loans include capitalized interest where provided for by agreement. Investments are recorded at cost after deducting any permanent decline in value or allowance for doubtful loans, as the case may be.

Allowance for doubtful loans

When it is established that there are risks regarding loan recovery, their book value is adjusted to their estimated realizable value. When debts are defined doubtful, their book value is adjusted to their estimated realizable amount. When the amounts or the moment future cash flows will be realized cannot be estimated with reasonable accuracy, the estimated realizable amounts are measured according to the market prices observable for these loans or according to management's judgement.

Fixed assets

Fixed assets are recorded at cost and depreciated over their estimated useful lives on a straight-line basis at the rate of 20%. Computer system development is amortized over 3 years.

Deferred Gouvernement du Québec subsidy

The amount of the deferred subsidy represents the unamortized balance of fixed assets financed from the subsidies received from the Gouvernement du Québec before the status of the Société changed. This deferred subsidy is posted to revenues using the same method and rates as those used to amortize fixed assets.

Non-refundable contributions

Non-refundable contributions are charged to expenditure for the year during which they are authorized and once the applicants have satisfied the conditions set by agreement. In the event the projected cost of projects is lower or conditions are not respected, any recovery of contributions shall be included in income for the year then in progress.

3. DEFERRED GOUVERNEMENT DU QUÉBEC SUBSIDY

	2001	2000
	Operating expenses and fixed assets	Financial support for initiatives plus Operating expenses and fixed assets
Deferred subsidy, beginning of year	$8 846	$48 564
Subsidy granted for the year	200 000	750 000
	208 846	798 564
Less:		
Subsidy revenue	208 846	789 718
Deferred subsidy, end of year		$8 846

4. ACCOUNTS RECEIVABLE AND ACCRUED INTEREST

	2001	2000
Accrued interest on investment	$153 812	$107 786
Other	77 100	33 248
	230 912	141 034
Allowance for doubtful accounts	22 060	79 975
	$208 852	$61 059

5. INVESTMENTS *

	2001	2000
Common stock	$11 882 906	$10 670 853
Securities convertible into common shares		
Capital stock **	1 737 726	
Debentures and loans		
maturing in 2001	750 000	
no maturity date	2 211 000	367 500
Securities non convertible		
Capital stock **	957 195	1 088 202
Debentures and loans		
no maturity date	300 000	100 000
Shares in limited partnerships	749 250	749 250
Doubtful loans		
Debentures and loans		
convertible	1 200 000	750 000
non convertible	20 000	
	19 808 077	13 725 805
Less:		
Provision for doubtful loans		
Debentures and loans		
convertible	1 200 000	750 000
non convertible	20 000	
Permanent decline in value of capital stock	4 698 200	925 000
	$13 889 877	$12 050 805

* The Société invests exclusively in private corporations.

** Some of these securities are redeemable.

6. CAPITAL STOCK

The Act respecting the Société Innovatech du Sud du Québec is notably designed to enable the Société to survive and to be endowed with an authorized partnership fund of $50 million.

Shares in the partnership fund of the Société belong to the public domain and are allocated to the Minister of Finance.

	2001	2000
Authorized:		
500 000 common shares with a par value of $100 each		
Issued and paid:		
210 008 common shares (154 008 in 2000)	$21 000 800	$15 400 800

During the fiscal year, the Société issued 56 000 common shares for an amount of $5 600 000 (in 2000, 35 000 common shares for an amount of $3 500 000).

7. FINANCIAL INSTRUMENTS

Fair value

The fair value of short-term financial instruments is equivalent to their book value, given that they will mature in the short term. The fair value of long-term financial instruments was determined internally using the valuation methods used in venture capital markets. These methods notably foresee having the ordinary capital stock presented at the cost of acquisition, unless a concrete event, that is quantifiable and that has a significant impact on the value of enterprises justifies an increase or decrease in value.

However, if these instruments remain at the cost of acquisition for a period exceeding 36 months due to absence of events, they will undergo in-depth valuation. With regard to fixed income securities, the method discounts expected future cash flows only in those cases where the rate of return is lower than the discount rate. If the rate of return is higher, the fair value remains the acquisition cost unless a concrete event justifies a drop in value.

	2001			2000		
	%	Book value	Fair value	%	Book value	Fair value
Investments:						
Common stock	58.3	$8 099 656	$20 189 035	80.9	$9 745 853	$11 172 759
Securities convertible into common shares						
Capital stock	12.5	1 737 726	1 737 726	9.0	1 088 202	1 088 202
Debentures and loans	21.3	2 961 000	2 961 000	3.1	367 500	367 500
Securities not convertible into common shares						
Capital stock	5.7	791 495	787 953			
Debentures and loans	2.2	300 000	300 000	0.8	100 000	100 000
Shares in limited partnerships				6.2	749 250	749 250
	100.0	$13 889 877	$25 975 714	100.0	$12 050 805	$13 477 711

7. FINANCIAL INSTRUMENTS (cont'd)

Credit risk

The Société is exposed to the economic conditions affecting the sectors in which it carried out its activities. Investments fall into the following sectors:

	2001	2000
Information technologies	38%	29%
Health science	25%	24%
Industrial technologies	37%	47%

The Société evaluates it investments on an ongoing basis throughout the fiscal year. It establishes its decreases in long-term value based on the risk the enterprises represent. According to management, there was no significant unposted risk at March 31, 2001.

Interest-rate risk

Interest rates on investments and the inherent risk are as follows:

	Floating rate	Fixed rate until maturity *	Total
Investments:			
Convertible debentures	$1 450 000	$2 711 000	$4 161 000
Convertible loans and advances		320 000	320 000
	$1 450 000	$3 031 000	$4 481 000
Average effective interest rate		13.06%	

* Interest rates vary from 8% to 15%.

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	$27 958	$13 411	$14 547	$25 115
Computer equipment	37 903	15 456	22 447	25 515
Leasehold improvements	15 175	5 870	9 305	15 001
Computer system development	30 997	10 332	20 665	
	$112 033	$45 069	$66 964	$65 631

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

10. COMMITMENTS

As at March 31 2001, the Société's commitments with respect to financial support for initiatives are as follows:

	2001	2000
Capital stock	$5 479 198	$4 166 666
Loans and debentures	4 039 975	1 708 333
	$9 519 173	$5 874 999

Under long-term lease agreements for commercial premises and an equipment office terminating December 1, 2004, the Société has made commitments to pay a sum of $74 322. The minimum payments requires for the next four fiscal years total:

2001-2002	$64 544
2002-2003	3 911
2003-2004	3 911
2004-2005	1 956

11. CONTINGENCY

The Société has guaranteed a loan of a company in which it has an investment. The maximum amount guaranteed is $250 000. The likelihood that the Société would have to assume this responsibility cannot be determined.

12. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

SOCIÉTÉ INNOVATECH DU SUD DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Société Innovatech du sud du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards of Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Daniel Poisson
President and Chief Executive Officer, MBA

Sherbrooke, May 11, 2001

AUDITOR'S REPORT

To the Minister of Finance,

I have audited the balance sheet of the Société Innovatech du sud du Québec as at March 31, 2001, and the statements of results and shareholder's equity and of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles from Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 11, 2001

SOCIÉTÉ INNOVATECH QUÉBEC ET CHAUDIÈRE-APPALACHES
(R.S.Q., c. S-17.4)

RESULTS AND DEFICIT
for the year ended March 31, 2001

	2001	2000
REVENUE		
Subsidy from the Gouvernement du Québec		$446 160
Investment income	$594 784	645 461
Interest on demand deposits and short-term investments	701 730	344 373
Management fees	302 572	170 301
Gain on disposal of investments	105 933	9 922 924
	1 705 019	11 529 219
EXPENDITURE		
Operating expenses:		
Salaries and fringe benefits	839 841	527 747
Professional and contractual services (Note 3)	234 964	343 987
Rent	98 818	86 422
Advertising and promotion	169 359	79 353
Travelling and business development	109 944	70 380
Office expenses	77 520	87 098
Communications	25 398	21 518
Depreciation of fixed assets	46 063	53 524
	1 601 907	1 270 029
Contribution for the Cité de l'optique (Note 4)	4 906	85 595
Bad debts	219 580	29 715
Doubtful loans	715 499	1 371 933
Permanent decline in value of capital stock	5 786 135	3 148 200
	6 721 214	4 549 848
	8 328 027	5 905 472
(NET LOSS) NET INCOME	(6 623 008)	5 623 747
RETAINED EARNINGS(DEFICIT), BEGINNING OF YEAR	2 181 469	(3 442 278)
(DEFICIT) RETAINED EARNINGS, END OF YEAR	$(4 441 539)	$2 181 469

SOCIÉTÉ INNOVATECH QUÉBEC ET CHAUDIÈRE-APPALACHES

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$957 527	$845 571
Short-term investments	5 000 000	15 809 448
Accounts receivable (Note 5)	229 482	463 108
Prepaid expenses	36 067	22 695
	6 223 076	17 140 822
Investments (Notes 6 and 12)	56 117 409	40 404 514
Fixed assets (Note 7)	147 627	122 835
	$62 488 112	$57 668 171
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$296 555	$103 606
Subscriptions payable	250 000	
	546 555	103 606
Capital stock (Note 8)	66 383 096	55 383 096
(Deficit) Retained earnings	(4 441 539)	2 181 469
	$62 488 112	$57 668 171

COMMITMENTS (Note 11)

On behalf of the Board of Directors,
Francine Bonicalzi
Francine Laurent

SOCIÉTÉ INNOVATECH QUÉBEC ET CHAUDIÈRE-APPALACHES

CASH FLOW
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
(Net loss) Net income	$(6 623 008)	$5 623 747
Adjustments for:		
Depreciation of fixed assets	46 063	53 524
Capital interest on investments	(133 846)	(55 201)
Stock dividends		(170 613)
Permanent decline in value of capital stock	5 786 135	3 148 200
Doubtful loans	715 499	1 371 933
Gain on disposal of investments	(105 933)	(9 922 924)
Other revenue capitalized to investments		(41 529)
	(315 090)	7 137
Change in non-cash items linked to operations (Note 9)	413 203	(56 335)
Cash flows provided by operating activities (used for operating activities)	98 113	(49 198)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(70 855)	(133 260)
Acquisition on investments	(24 738 146)	(14 690 845)
Repayment of investments	965 963	3 012 967
Proceeds from disposal of investments	2 047 433	14 055 264
Cash flows provided by investment activities (used for investment activities)	(21 795 605)	2 244 126
FINANCING ACTIVITIES		
Cash flows provided by financing activities:		
Capital stock issue	11 000 000	9 000 000
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10 697 492)	11 194 928
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16 655 019	5 460 091
CASH AND CASH EQUIVALENTS, END OF YEAR	$5 957 527	$16 655 019
Cash on hand	$957 527	$845 571
Short-term investments	5 000 000	15 809 448
Cash and equivalents, end of year	$5 957 527	$16 655 019

1. CONSTITUTION, PURPOSE AND FINANCING

The Société Innovatech Québec et Chaudière-Appalaches is a legal person established in the public interest under Chapter 80 of the 1993 statutes and continued as a corporation through its governing statute, i.e. the Act respecting Société Innovatech Québec et Chaudière-Appalaches (R.S.Q., c. S-17.4). The Société's mission is to promote and support initiatives likely to increase the capacity for technical innovation on the territory defined in its incorporating Act and, thereby, to enhance Québec's competitiveness and economic growth, while ensuring a rate of return enabling it to continue its activities.

The Société defines itself as a venture capital agency; in other words, its investment commitments take the form of leveraged investments in companies with strong growth potential.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles du Canada. These statements include amounts based on best estimates and judgements.

Cash and cash equivalents

The Société's policy consists in presenting cash and cash equivalents under bank balances and short-terms investments maturing less than three months after the date they were acquired.

Investments

Venture capital investments are in the form of:

- Common stock
- Securities convertible into common shares
- Securities not convertible into common shares
- Advances under the Research Promotion Program
- Stock purchase warrants

Certain securities include capitalized proceeds when this situation is provided for in an agreement.

Investments are recorded at cost after deducting any permanent decline in value or allowance for doubtful loans, as the case may be.

Allowance for doubtful loans

When it is established that there are risks regarding recovery of investments, the accounting values are considered to correspond to their estimated disposable value. When the amounts and time of disposal for future cash flows cannot be estimated relatively reasonably, the estimated disposal values are measured according to the market prices observable for these investments or based on management's judgement.

2. ACCOUNTING POLICIES (cont'd)

Fixed assets

Fixed assets are recorded at cost and depreciated over their useful lives on a straight-line basis at the following rates:

Furniture and equipment	17%
Data processing equipment	33 1/3%
Leasehold improvements	25%

3. PROFESSIONAL AND CONTRACTUAL SERVICES

The amounts that the Société receives as reimbursement for expenses for analyzing investment files, totalling $45 886 (2000: $51 162), are presented as a reduction of professional and contractual services.

4. CONTRIBUTION FOR THE CITÉ DE L'OPTIQUE

In March 1999, the Gouvernement du Québec mandated the Société to make recommendation designed to consolidate the conditions favourable to the development of a Cité de l'optique in the Québec City area. The Société received subsidies for this purpose in fiscal 2000. The item details as follows:

	2001	2000
Total expenditure	$4 906	$210 595
Subsidies:		
Ministère de l'Industrie et du Commerce		25 000
National Capital Economic Diversification Fund		100 000
	$4 906	$85 595

5. ACCOUNTS RECEIVABLE

	2001	2000
Interest and dividends receivable on investments including a $118 367 provision for doubtful debts ($52 584 in 2000)	$112 975	$270 907
Interest receivable on short-term investments	60 411	90 430
Accounts receivable from Société Innovatech Régions Ressources	8 202	542
Other	47 894	101 229
	$229 482	$463 108

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

6. INVESTMENTS

	2001	2000
Common stock:		
private corporations	$34 808 810	$23 376 112
public corporations (market value $3 822 982, 2000: $19 080 489)	2 867 655	2 867 655
Securities convertible into common shares		
Capital stock *	10 132 417	3 788 195
Debentures and loans (Note 12c)		
maturing from 2002 to 2005	2 985 494	2 878 167
no maturity date	1 574 000	580 000
Securities not convertible		
Capital stock *	857 986	757 986
Debentures and loans (Note 12c)		
maturing from 2003 to 2006	2 355 335	1 765 284
no maturity date	30 000	125 000
Refundable contributions (Note 12c)		
maturing in 2010	2 500 000	2 500 000
no maturity date	4 825 888	4 855 500
Advances under the Research Promotion Program, no maturity date (Note 12c)	1 763 396	1 683 752
Stock purchase warrants	450 000	
Doubtful loans (Note 12c)		
Debentures and loans		
convertible	1 137 500	1 399 765
non-convertible	200 000	
Advances under the Research Promotion Program	452 000	180 046
	66 940 481	46 757 462
Less:		
Allowance for doubtful loans		
Debentures and loans		
convertible	1 037 500	1 147 265
non convertible	200 000	
Advances under the Research Promotion Program	452 000	180 046
Permanent decline in value of capital stock	9 133 572	5 025 637
	$56 117 409	$40 404 514

* Some of these securities are also redeemable.

7. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	$126 558	$75 632	$50 926	$33 772
Data processing equipment	108 857	74 137	34 720	28 794
Leasehold improvements	94 948	32 967	61 981	60 269
	$330 363	$182 736	$147 627	$122 835

8. CAPITAL STOCK

The Act respecting the Société Innovatech Québec et Chaudière-Appalaches is notably designed to enable the Société to survive and to be endowed with an authorized partnership fund of $75 000 000.

Shares in the partnership fund of the Société belong to the public domain and are allocated to the Minister of Finance.

	2001	2000
Authorized:		
750 000 common shares with a par value of $100 each		
Issued and paid:		
663 830 common shares	$66 383 096	$55 383 096

During the fiscal year, the Société issued 110 000 common shares for $11 000 000 in cash (in 2000, 90 000 common shares for $9 000 000 in cash).

Under draft legislation tabled in the National Assembly on May 10, 2001, the Société's authorized partnership capital will be increased from $75 000 000 to $150 000 000.

9. CHANGE IN NON-CASH ITEMS LINKED TO OPERATIONS

	2001	2000
Decrease in accounts receivable	$233 626	$6 378
Increase in prepaid expenses	(13 372)	(19 366)
Change in accounts payable	192 949	(7 787)
Decrease in the deferred Gouvernement du Québec subsidy		(35 560)
	$413 203	$(56 335)

10. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

11. COMMITMENTS

As at March 31, the Société's commitments with respect to financial support for initiatives are as follows:

	2001	2000
Investments:		
Common stock	$4 485 287	$2 575 000
Securities convertible into common shares		
Capital stock	990 000	1 540 000
Debentures and loans	5 481 667	3 697 500
Securities not convertible		
Capital stock	1 800 000	
Debentures and loans	175 000	475 000
Advances under the Research Promotion Program	325 000	230 000
	$13 256 954	$8 517 500

12. FINANCIAL INSTRUMENTS

a) Fair value

The fair value of current financial instruments is equivalent to their book value given their short-term due dates.

The fair value of long-term financial instruments was determined internally using the valuation methods used in venture capital markets. These methods notably foresee having the ordinary capital stock presented at the cost of acquisition, unless a concrete event, that is quantifiable and that has a significant impact on the value of enterprises justifies an increase or decrease in value. However, if these instruments remain at the cost of acquisition for a period exceeding 36 months due to absence of events, they will undergo in-depth valuation.

	2001			2000		
	%	Book value	Fair value	%	Book value	Fair value
Investments:						
Common stock	54.9	$30 821 730	$33 579 604	53.4	$21 576 116	$37 088 932
Securities convertible into common shares						
Capital stock	14.6	8 211 566	14 216 515	9.4	3 788 195	3 863 197
Debentures and loans	8.3	4 659 494	4 659 494	9.2	3 710 667	3 710 667
Securities not convertible						
Capital stock	0.9	500 000	500 000	1.0	400 000	400 000
Debentures and loans	4.3	2 385 335	2 385 335	4.7	1 890 284	1 890 284
Refundable contributions	13.1	7 325 888	7 325 888	18.2	7 355 500	7 355 500
Advances under the Research Promotion Program	3.1	1 763 396	1 763 396	4.1	1 683 752	1 683 752
Stock purchase warrants	0.8	450 000	450 000			
	100.0	$56 117 409	$64 880 232	100.0	$40 404 514	$55 992 332

b) Credit risk

The Société is exposed to the economic conditions affecting the sectors in which it carried out its activities. Investments fall into the following three sectors:

- Biotechnology and life sciences:	29% (2000: 37%)
- Information technologies and telecommunications:	47% (2000: 42%)
- Industrial technologies:	24% (2000: 21%)

During the fiscal year, the Société valuated its investments. It established its sustained value decreases based on the risk presented by the enterprises. According to management, there was no significant unposted risk as at March 31, 2001.

c) Interest-rate risk

The interest rates on the Société's investments and the risk to which it is exposed with regard to these interest rates are summarized in the following table:

12. FINANCIAL INSTRUMENTS (cont'd)

c) Interest-rate risk (cont'd)

	Interest-free ****	Floating rate	Fixed rate until maturity ***	Total
Debenture and convertible loans:				
Common stock				
maturing from 2002 to 2005			$2 985 494	$2 985 494
no maturity date	$650 000	$50 000	874 000	1 574 000
Debentures and non-convertible loans:				
maturing from 2003 to 2006			2 355 335	2 355 335
no maturity date	30 000			30 000
Refundable contributions:				
maturing in 2010 *	2 500 000			2 500 000
no maturity date *	4 825 888			4 825 888
Advances under the Research Promotion Program **	1 763 396			1 763 396
Doubtful loans				
Debentures and loans				
convertible	90 000		1 047 500	1 137 500
non convertible			200 000	200 000
Advances under the Research Promotion Program	452 000			452 000
	$10 311 284	$50 000	$7 462 329	$17 823 613

* Refundable in the form of a royalty on sales.

** In the case of technology transfers to future or existing companies, the advance is either repaid or accounted for in stock ownership according to a formula as yet to be determined.

*** Interest rates vary between 8 and 20% and, in certain cases, fees may be payable.

****Debentures and loans convertible into interest-free common shares have a redemption premium.

13. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

SOCIÉTÉ INNOVATECH QUÉBEC ET CHAUDIÈRE-APPALACHES

MANAGEMENT'S REPORT

The financial statements of the Société Innovatech Québec et Chaudière-Appalaches were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards du Canada, and his Report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Francine Laurent
President and Chief Executive Officer

Québec, June 4, 2001

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Société Innovatech Québec et Chaudière-Appalaches as at March 31, 2001, and the statements of results and deficit and statement of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards du Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles du Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 4, 2001

SOCIÉTÉ INNOVATECH RÉGIONS RESSOURCES
(R.S.Q., c. S-17.5)

RESULTS AND RETAINED EARNINGS INCOME
for the year ended March 31, 2001

	2001	2000
REVENUE		
Subsidy from the Gouvernement du Québec	$900 000	$625 000
Investment income	378 624	11 190
Interest on short-term investments	240 001	92 525
Management fees	98 906	24 410
	1 617 531	753 125
EXPENDITURE		
Operating expenses:		
Salaries and fringe benefits	333 221	271 879
Professional and contractual services	144 518	111 992
Rent	40 269	31 945
Advertising and promotion	36 475	5 383
Travelling and business development	90 474	73 442
Office expenses	57 084	28 968
Communications	13 911	7 732
Recruitment costs	991	16 370
Depreciation of fixed assets	18 195	8 141
	735 138	555 852
Permanent decline in value of capital stock	559 223	75 000
Doubtful loans	106 428	
Investment write-off	200 000	
	865 651	75 000
	1 600 789	630 852
NET INCOME	16 742	122 273
RETAINED EARNINGS, BEGINING OF YEAR	391 163	268 890
RETAINED EARNINGS, END OF YEAR	$407 905	$391 163

SOCIÉTÉ INNOVATECH RÉGIONS RESSOURCES

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$5 570 679	$133 601
Short-term investments	3 604 587	3 314 509
Accounts receivable (Note 3)	130 595	18 950
Prepaid expenses	10 446	2 320
	9 316 307	3 469 380
Investments (Notes 4 and 10)	11 975 618	4 940 000
Fixed assets (Note 5)	162 820	38 722
	$21 454 745	$8 448 102
LIABILITIES		
Current liabilities		
Accounts payable (Note 6)	$46 840	$56 939
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)	21 000 000	8 000 000
Retained earnings	407 905	391 163
	21 407 905	8 391 163
	$21 454 745	$8 448 102

COMMITMENTS (Note 9)

On behalf of the Board of Directors,
Yvon Lévesque, President
Ghislain Blanchet, President and Chief Executive Officer

SOCIÉTÉ INNOVATECH RÉGIONS RESSOURCES

CASH FLOW
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Net income	$16 742	$122 273
Adjustments for:		
Depreciation of fixed assets	18 195	8 141
Permanent decline in value of capital stock	559 223	75 000
Doubtful loans	106 428	
Investment write-off	200 000	
	900 588	205 414
Change in non-cash items linked to operations		
Increase in receivables	(111 645)	(18 950)
Increase in prepaid expenses	(8 126)	(2 320)
Change in payables	(10 099)	41 050
	(129 870)	19 780
Cash flows provided by operating activities	770 718	225 194
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(142 293)	(46 863)
Acquisition on investments	(7 987 313)	(5 040 000)
Repayment of investments	86 044	25 000
Cash flows used for investment activities	(8 043 562)	(5 061 863)
FINANCING ACTIVITIES		
Cash flows provided by financing activities:		
Capital stock issue	13 000 000	8 000 000
INCREASE IN CASH AND CASH EQUIVALENTS	5 727 156	3 163 331
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3 448 110	284 779
CASH AND CASH EQUIVALENTS, END OF YEAR	$9 175 266	$3 448 110
Cash on hand	$5 570 679	$133 601
Short-term investments	3 604 587	3 314 509
Cash and equivalents, end of year	$9 175 266	$3 448 110

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION, PURPOSE AND FINANCING

The Société Innovatech Régions ressources is a legal person with partnership capital created under the legislation governing it, i.e. the Act respecting Société Innovatech Régions ressources (R.S.Q., c. S-17.5), assented to on June 12, 1998. The Société's mission is to promote and support initiatives likely to increase the capacity for technical innovation on the territory defined in its incorporating Act and, thereby, to enhance Québec's competitiveness and economic growth, while ensuring a rate of return enabling it to continue its activities.

The Société defines itself as a venture capital agency; in other words, its investment commitments take the form of leveraged investments in companies with strong growth potential.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgments.

Cash and cash equivalents

The Société's policy consists in presenting under cash and cash equivalents bank balances and short-term investments maturing within three months of the date they were acquired.

Investments

Venture capital investments are in the form of:

- Common stock
- Securities convertible into common shares
- Securities not convertible
- Purchase warrants
- Advances under research development projects

Certain securities include the capitalized proceeds when this situation is provided for by agreement.

Investments are recorded at cost after deducting any permanent decline in value or allowance for doubtful loans, as the case may be.

Allowance for doubtful loans

When it is established that there are risks regarding recovery of loans, the accounting values are considered to correspond to their estimated disposable value. When the amounts and time of disposal for future cash flows cannot be estimated relatively reasonably, the estimated disposal values are measured according to the market prices observable for these prêts or based on management's judgement.

Fixed assets

Fixed assets are recorded at cost and depreciated over their useful lives on a straight-line basis at the following rates:

Leasehold improvements	10 years
Furniture and equipment	6 years
Data processing equipment	3 years

3. RECEIVABLE

	2001	2000
Interest receivable on investments	$84 492	$5 551
Interest receivable on short-term investments	8 293	5 188
Other	37 810	8 211
	$130 595	$18 950

SOCIÉTÉ INNOVATECH RÉGIONS RESSOURCES

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

4. INVESTMENTS

	2001	2000
Common stock:		
- private corporations	$4 800 633	$1 115 350
- public corporations	350 000	
Securities convertible into common shares *		
Debentures and loans (Note 10c) (maturing between May 2001 and January 2008)	4 409 608	1 150 000
Securities not convertible into common shares		
Capital stock **		
no maturity date	549 600	249 650
Refundable contribution (Note 10c)		
maturing in 2011	2 500 000	2 500 000
Doubtful loans on advances under research development projects with no maturity date	106 428	
	12 716 269	5 015 000
Less:		
Provision for doubtful loans on advances under research development projects with no maturity date	106 428	
Permanent decline in value of capital stock	634 223	75 000
	740 651	75 000
	$11 975 618	$4 940 000

* Convertible under certain conditions, notably in case of default

** Some of these securities are also redeemable.

5. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Leasehold improvements	$110 347	$3 356	$106 991	
Furniture and equipment	34 663	4 594	30 069	$11 763
Equipment and data processing equipment	44 146	18 386	25 760	26 959
	$189 156	$26 336	$162 820	$38 722

6. PAYABLES

	2001	2000
Supplies and accrued costs	$46 777	$56 397
Owing to Société Innovatech Québec et Chaudière-Appalaches	63	542
	$46 840	$56 939

7. CAPITAL STOCK

The Act respecting the Société Innovatech Régions ressources, assented to on June 12, 1998, is notably designed to enable the Société to survive and to be endowed with an authorized partnership fund of $50 000 000.

Shares in the partnership fund of the Société belong to the public domain and are allocated to the Minister of Finance.

	2001	2000
Authorized:		
500 000 common shares with a par value of $100 each		
Issued and paid:		
210 000 common shares	$21 000 000	$8 000 000

During the fiscal year, the Société issued 130 000 common shares for an amount of $13 000 000 in cash. (In 2000, 80 000 common shares for an amount of $8 000 000 in cash).

8. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and measured at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

9. COMMITMENTS

1) As at March 31, the Société's commitments with respect to financial support for initiatives are as follows:

	2001	2000
Investments:		
Common stock	$1 624 667	$840 000
Securities convertible into common shares *		
Capital stock	50 000	250 000
Debentures and loans	3 242 000	3 500 000
Advances under research development projects	43 572	
	$4 960 239	$4 590 000

* Convertible under certain conditions, notably in case of default

2) Under long-term lease contracts for a business office and office equipment ending December 1, 2003, the Société has committed itself to paying $154 272. The minimum payments for the next four fiscal years are: $44 808 in 2002 and 2003, $43 956 in 2004 and $20 700 in 2005.

10. FINANCIAL INSTRUMENTS

a) Fair Value

The fair value of current financial instruments is equivalent to their book value given their short-term due dates. The fair value of long-term financial instruments was determined internally using the valuation methods used in venture capital markets. These methods notably foresee having the ordinary capital stock presented at the cost of acquisition, unless a concrete event, that is quantifiable and that has a significant impact on the value of enterprises justifies an increase or decrease in value. However, if these instruments remain at the cost of acquisition for a period exceeding 36 months due to absence of events, they will undergo in-depth valuation.

10. FINANCIAL INSTRUMENTS (cont'd)

a) Fair Value (cont'd)

	2001			2000		
	%	Book value	Fair value	%	Book value	Fair value
Investments:						
Common stock	37.7	$4 516 410	$4 516 410	21.1	$1 040 350	$1 040 350
Securities convertible into common shares *						
Debentures and loans	36.8	4 409 608	4 409 608	23.2	1 150 000	1 150 000
Securities not convertible into common shares						
Capital stock	4.6	549 600	549 600	5.1	249 650	249 650
Refundable contribution	20.9	2 500 000	2 640 121	50.6	2 500 000	2 500 000
	100.0	$11 975 618	$12 115 739	100.0	$4 940 000	$4 940 000

* Convertible under certain conditions, notably in case of default

b) Credit Risk

The Société is exposed to the economic conditions affecting the sectors in which it carried out its activities. Investments fall into the following three sectors:

- Biotechnology and life sciences:	29%
- Information technologies and telecommunications:	20%
- Industrial technologies:	51%

During the fiscal year, the Société valuated its investments. It established its sustained value decreases based on the risk presented by the enterprises. According to management, there was no significant unposted risk as at March 31, 2001.

c) Interest-Rate Risk

The interest rates on the Société's investments and the risk to which it is exposed with regard to these interest rates are summarized in the following table:

	Interest-free	Fixed rate until maturity ***	Total
Debentures and loans convertible into capital - common shares * (Maturing between 2001 to 2008)		$4 409 608	$4 409 608
Refundable contributions (Maturing in 2011) **	$2 500 000		2 500 000
	$2 500 000	$4 409 608	$6 909 608

* Convertible under certain conditions, notably in case of default
** Refundable in the form of a royalty on sales.
*** Interest rates vary between 8 and 15% and, in certain cases, fees may be payable.

11. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

MANAGEMENT'S REPORT

The financial statements of the Société Innovatech Régions ressources were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgments included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles du Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards du Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Ghislain Blanchet
President and Chief Executive Officer

Québec, June 8, 2001

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Société Innovatech Régions ressources as at March 31, 2001, and the statement of results and retained earnings and of cash flows for the period then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards du Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles du Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, for the year ended March 31, 2001, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 8, 2001

SOCIÉTÉ NATIONALE DE L'AMIANTE
(R.S.Q., c. S-18.2)

INCOME AND DEFICIT
for the years ended March 31
(in thousands of dollars)

	2001	2000
INTEREST INCOME	55	64
Administrative expenses	343	321
Expenses relating to a lease commitment	38	95
Professional services	260	166
	641	582
NET LOSS	(586)	(518)
DEFICIT, BEGINNING OF YEAR	(154 704)	(154 186)
DEFICIT, END OF YEAR	(155 290)	(154 704)

The notes are an integral part of the financial statement.

SOCIÉTÉ NATIONALE DE L'AMIANTE

BALANCE SHEETS
as at March 31
(in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Cash on hand	140	134
Short-term investment (Note 3)	667	1 094
Accounts receivable (Note 4)		16
	807	1 244
Investments (Note 5)	2 437	2 563
	3 244	3 807
LIABILITIES		
Current liabilities		
Accounts payable	145	122
Advance from a subsidiary, interest-free	20	20
	165	142
SHAREHOLDER'S EQUITY		
Capital stock (Note 6)	158 369	158 369
Deficit	(155 290)	(154 704)
	3 079	3 665
	3 244	3 807

CONTINGENCIES (Note 7)

On behalf of the Board of Directors,
Benoit Cartier, Director

The notes are an integral part of the financial statement.

SOCIÉTÉ NATIONALE DE L'AMIANTE

CASH FLOWS
for the years ended March 31
(in thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Net loss	(586)	(518)
Items not affecting cash:		
Share in the loss of a subsidiary	1	1
	(585)	(517)
Net change in non-liquid assets working capital items	39	(9)
	(546)	(526)
INVESTMENT ACTIVITY		
Encashment of investment	125	125
DECREASE IN CASH AND CASH EQUIVALENTS	(421)	(401)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1 228	1 629
CASH AND CASH EQUIVALENTS, END OF YEAR	807	1 228

The Société's cash and cash equivalents comprise the following:

	2001	2000
Cash on hand	140	134
Short-term investment	667	1 094
	807	1 228

The notes are an integral part of the financial statement.

NOTES TO FINANCIAL STATEMENTS

March 31, 2001 and 2000
(in thousands of dollars)

1. LEGAL STATUS

The Société nationale de l'amiante (SNA) is a Government enterprise wholly owned by the Gouvernement du Québec. It was established by the Act respecting the Société nationale de l'amiante (R.S.Q., c. S-18.2) and holds investments in an inoperative enterprise.

2. SIGNIFICANT ACCOUNTING POLICIES

Continuing operations

The financial statements of the Société were prepared based on accounting principles applicable to an operative enterprise.

Given that the Société has posted an operating loss for the past few years, it would be impossible for it to meet its financial obligations should the Gouvernement du Québec decide to withdraw its financial support.

If the continuing operations assumption is not suitable for the present financial statements, adjustments will have to be made to the book value assigned to the assets and liabilities, revenue and expenditure shown, as well as to the classifications used in the balance sheet.

Investment

The Société holds 100% of the shares of the subsidiary Mines SNA Inc. This investment is recorded on an equity basis given that the subsidiary is inoperative; consolidated financial statements would provide no useful supplementary information. The investment portfolio is recorded at cost.

Allowance for loss on investments

The allowance for loss on investments is established on the basis of individual investments and is calculated according to the terms of the contracts between the parties.

Government subsidies

The Gouvernement du Québec provides financial assistance to enable the Société to meet its financial obligations and those of its subsidiary.

The amount of this financial assistance is entered under "deficiency grant" in the statement of income and is used to finance the Société's operating loss. No financial assistance was awarded the Société during the fiscal years ended March 31, 2000 and 2001.

Use of estimates

Preparation of financial statements in keeping with generally accepted accounting principles requires management to use estimates and assumptions that affect the assets and liabilities posted, the presentation of potential assets and liabilities posted at the date of the financial statements, and the proceeds and charges posted during the fiscal year. the real results might differ from the estimated results.

Income tax

Since all of the Société's shares are held by the Gouvernement du Québec, the Société nationale de l'amiante is exempt from income tax, as is its wholly owned subsidiary.

Cash and cash equivalents

The Société's cash and cash equivalents comprise cash and easily convertible financial instruments maturing within three months or less.

3. SHORT-TERM INVESTMENT

Commercial paper maturing April 30, 2001, interest rate of 5.15% (2000 – 5.28%), recorded at cost.

4. ACCOUNTS RECEIVABLE

	2001	2000
Taxes		10
Other		6
		16

5. INVESTMENTS

	2001	2000
Non-consolidated subsidiary	87	88
Other investments		
Note receivable following the sale of subsidiary, interest-free, receivable starting in December 1999 in annual instalments equal to 30% of funds generated by the purchaser or $125 000, whichever is greater	2 350	2 475
Preferred Category C shares in Les Technologies Fibrox Ltée	500	500
	2 937	3 063
Provision for lasting drop in value of preferred shares	500	500
	2 437	2 563

The balance of the sales price of a private enterprise was converted, during fiscal 2000, to preferred shares in this same enterprise.

6. CAPITAL STOCK

	2001	2000
Authorized 250 000 common shares with a par value of $1 000 each		
Issued 158 369 common shares	158 369	158 369

In accordance with the Act respecting the Société nationale de l'amiante, all of the Société's shares are part of the public domain and are assigned to the Minister of Finance of the Gouvernement du Québec.

7. CONTINGENCIES

Cases before the securities commissions

Complaints were filed with the Ontario Securities Commission and the Commission des valeurs mobilières du Québec by a committee comprised of a number of minority shareholders of Asbestos Corporation Limited; the complaints allege that the SNA should have offered to buy all Asbestos Corporation Limited shareholders' stock on terms similar to those offered to General Dynamics Corporation (GD) for the purchase of shares in the private enterprise Mines SNA Inc., which controlled Asbestos Corporation Limited. Both commissions called hearings to hear each party's side of the issue.

The Commission des valeurs mobilières du Québec ruled that the Société nationale de l'amiante enjoys Crown immunity and, therefore, the provisions regarding public bids in Québec's Securities Act do not apply to it. This ruling was appealed. The appeal was heard on March 18, 1993, and the Court of Québec decided that the case had to return to the Commission so that it could make a decision in accordance with Québec's Securities Act. In a ruling handed down on April 22, 1999, the Court of Québec upheld this decision.

In July 1994, the Ontario Securities Commission rejected the claim filed by the minority shareholders of Asbestos Corporation Limited. The shareholders appealed this decision before the Divisional Court of Ontario in August 1994. The case was argued before the Court in fall 1996. On May 2, 1997, the Divisional Court of Ontario ruled in favour of the committee comprised of minority shareholders. Both the SNA and the Ontario Securities Commission applied for leave to appeal this decision before the Ontario Court of Appeal. The appeal was heard before three judges of the Ontario Court of Appeal on March 30 and 31, 1998. In a unanimous ruling handed down on February 18, 1999, the Court of Appeal for Ontario granted the appeal and reinstated the ruling of the Ontario Securities Commission. On April 15, 1999, the committee comprising minority shareholders asked for authorization for a provision before the Supreme Court of Canada. This request for authorization to provide received the backing of the Supreme Court of Canada on January 27, 2000 and the parties are currently preparing their brief; the appeal hearing was held by the Superior Court on December 15, 2000 and no decision has yet been rendered.

Class action

In May 1988, the Société and several other respondents were summoned before the Supreme Court of Ontario by a number of minority shareholders in Asbestos Corporation Limited with regard to damages and the redemption of their shares on terms similar to those offered to General Dynamics Corporation for the purchase of shares in Mines SNA Inc. The Société has contested these proceedings, which are still in the preliminary stages.

Petition before the Québec Superior Court

In June 1995, the minority shareholders in Asbestos Corporation Limited filed a petition with the Québec Superior Court under section 241 of the Canada Business Corporations Act. They are claiming redress for the alleged oppression suffered at the hands of the Société nationale de l'amiante, in particular, which is a respondent in the case.

In response to a motion for dismissal filed by the Société, the court granted a suspension on the shareholders' petition until a final judgement is rendered in the other proceedings before the Québec and Ontario securities commissions.

Lawsuit regarding a lease

The Société launched an action to obtain the reimbursement of overpayments of $384 000 on the termination of a lease.

In this dispute, the tenant replied with a counter-petition of $250 000. According to the Société's managers, it is difficult, at this stage, to pass judgement on the desirability of this last claim, in part or in whole.

SOCIÉTÉ NATIONALE DE L'AMIANTE

AUDITORS' REPORT

To the Minister responsible for the
Société nationale de l'amiante,

We have audited the balance sheets of the Société nationale de l'amiante as at March 31, 2001 and 2000, and the statements of income and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Société's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001 and, and the results of its operations and cash flows for the years then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Arthur Andersen & Cie
General Partnership
Chartered Accountants

May 11, 2001
Montréal, Canada

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX
(R.S.Q., c. S-18.2.1)

REVENUE AND EXPENDITURE
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
REVENUE		
Management fees (Note 3)	3 689	4 329
Financial revenue	275 711	283 872
	279 400	288 201
EXPENDITURE		
Salaries and fringe benefits	2 837	2 872
Transportation and communications	307	429
Information system	91	120
Professional, administrative and other services	355	1 013
Repairs and maintenance	9	5
Rental	361	420
Supplies	21	29
Financial expenses (Note 4)	275 538	283 554
	279 519	288 442
Expenses charged to receivables	119	241
	279 400	288 201

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

BALANCE SHEET
as at March 31, 2001
(in thousands of dollars)

	2001	2000
ASSETS		
Current assets		
Cash on hand	526	684
Accounts receivable	101 628	113 548
Receivable from the Gouvernement du Québec (Note 5)	37 745	90 263
Receivable from the municipalities (Note 5)	15 449	14 431
Prepaid expenses	212	97
	155 560	219 023
Long-term receivables from the Gouvernement du Québec (Note 5)	2 848 407	2 869 836
Long-term receivables from the municipalities (Note 5)	332 615	348 304
Unbilled completed works	6 968	10 137
	3 343 550	3 447 300
LIABILITIES		
Current liabilities		
Account payable and accrued liabilities	94 983	107 014
Repayment of long-term debt (Note 6)	53 194	104 694
	148 177	211 708
Account payable and accrued liabilities on completed works	7 375	12 818
Long-term debt (Note 6)	3 181 951	3 213 874
Deferred revenue	2 984	6 046
Other liabilities items	3 063	2 854
	3 343 550	3 447 300

COMMITMENTS AND CONTINGENCIES (Notes 7 and 8)

TRANSFER OF ACTIVITIES (Note 10)

On behalf of the Board,
Gilles Bégin
Maurice Masse

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

CASH FLOWS
for the year ended March 31, 2001
(in thousands of dollars)

	2001	2000
OPERATING ACTIVITIES		
Revenue and expenditure items not affecting liquid assets:		
Transfer to deferred revenue	(3 062)	(940)
Amortization of other liabilities items	268	444
	(2 794)	(496)
Changes in non-cash working capital		
Decrease in accounts receivable	11 920	6 067
Change in prepaid expenses	(115)	238
Change in accounts payable and accrued liabilities	(12 031)	184
	(226)	6 489
Cash flows related to operating activities	(3 020)	5 993
INVESTING ACTIVITIES		
Amount charged to long-term receivables and unbilled completed works	(18 269)	(55 953)
Receipts on long-term receivables	110 056	28 276
Cash flows related to investing activities	91 787	(27 677)
FINANCING ACTIVITIES		
Repayment of accounts payable and accrued liabilities on completed works	(5 443)	(10 639)
Long-term debt	322 325	295 619
Repayment of long-term debt	(405 807)	(263 411)
Change in other liabilities items		(17)
Cash flows related to financing activities	(88 925)	21 552
DECREASE IN CASH ON HAND	(158)	(132)
CASH ON HAND, BEGINNING OF YEAR	684	816
CASH ON HAND, END OF YEAR	526	684

1. IDENTIFICATION, OBJECTIVES AND FINANCING

The Société québécoise d'assainissement des eaux, a corporation within the meaning of the Civil Code constituted by special act (R.S.Q., c. S-18.2.1) has among others the following objectives:

- to design, construct, improve, enlarge, put in operation, finance or operate water purification works for the needs of municipalities or to carry out rehabilitation work on municipal sewerage systems;
- to carry out studies in respect of the rehabilitation of municipal sewerage systems;
- to carry out other studies in matters of sewerage and water purification;
- to finance development works on the beds, including the banks or shores and the land bordering thereon, of lakes or watercourses;
- to finance works which control the water-level of lakes or watercourses;
- to design, construct, improve, enlarge, put in operation or finance sewerage or watery systems or drinking water treatment installations for the needs of the territory chosen by the Government and located on the North Coast of the Gulf of St-Lawrence;
- to export its expertise in water resources engineering acquired in Québec, mainly by promoting, providing goods and services, and by encouraging the development of the industrial and technological potential of Quebec in this field;
- to act as an adviser to municipalities in the construction and operation of water purification works;
- to provide technical and professional management assistance to municipalities for the construction of water purification works;
- to develop projects for the transfer and dissemination of new technologies relating to water purification and drinking water treatment and, with the authorization of the Minister of Municipal Affairs, to carry out those projects.

The Société québécoise d'assainissement des eaux is a governmental corporation which is non-profit oriented.

The Société bills the Gouvernement du Québec on behalf of municipalities and the municipalities for studies and water purification and watery and sewerage works it executes and for the financing of some works realized by municipalities.

The Société retains ownership of the works until they are handed over to the municipalities. These works are handed over when definitive delivery procedures of treatment plants are completed even though other costs may be incurred.

2. ACCOUNTING POLICIES

The financial statements of the Société have been prepared by management using the generally accepted accounting principles in Canada. These statements include amounts based on best judgments and estimates.

Management fees

Management fees are established based on a percentage of the cost of water purification, sewerage, watery and other works.

- Billing

  Management fees are billed in relation to the execution of the Société's mandate which covers the period of works completion as well as the period of debt management and financing related to these works.

  Management fee revenues for water purification works are billed as follows:

  - In relation to expenses incurred for studies;

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

2. ACCOUNTING POLICIES (cont'd)

Management fees (cont'd)

- Billing (cont'd)
  - According to a uniform allocation over the estimated completion period (term basis) for the works.

For other works, including watery and sewerage, management fee revenues are billed based on a percentage of the cost of works completed.

- Deferred revenue

  The Société is unable to accurately establish management fees earned yearly over the complete duration of its mandate.

  Therefore, the Société transfers to deferred revenue the annual excess of revenue over expenses or, deducts from deferred revenue an amount equal to the annual excess of expenses over revenue in order to cover this deficiency.

Long-term receivables

Long-term receivables, to be collected from the Gouvernement du Québec on behalf of municipalities and from municipalities, include expenses charged to water purification, watery and sewerage works, and the financing of the watercourse bank development works and other works realized by municipalities, net of reimbursements received.

Other liabilities items

Cost related to the hedge of the foreign exchange risk on long-term debt issued in foreign currencies as well as long-term debt discount and issue expenses are deferred. These items are amortized according to the effective rate over the term of the loan.

Redemption fund for the long-term debt

The Société created a fund from the period remittals of principal from the municipalities for the reimbursement of the long-term debt.

The sums accumulated are earning interest; they are used to temporarily reduce the short-term borrowings.

Account payable and accrued liabilities on completed works

The accounts payable and accrued liabilities on the completed works are presented long-term, because they will be long-term financed.

Currency conversion

The long-term debts issued in foreign currency are converted at the rate of the financial instruments for hedging a foreign exchange risk.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. MANAGEMENT FEES

	2001	2000
Management fees billed	627	3 389
Transfer to deferred revenue	3 062	940
	3 689	4 329

4. FINANCIAL EXPENSES

	2001	2000
Interest on bonds and notes payable	238 553	250 944
Amortization of other liabilities items	268	444
Loan guarantee costs	7 705	10 155
Interest on short-term borrowings	29 012	22 011
	275 538	283 554

The interest paid by the Société for the fiscal year amount for $276 895 453 (2000: $271 807 890).

The interest expense for borrowings contracted with the Gouvernement du Québec Financing Fund was $78 039 718 (2000: $64 530 835).

5. LONG-TERM RECEIVABLES

	2001	2000
Gouvernement du Québec	2 886 152	2 960 099
Current portion	37 745	90 263
	2 848 407	2 869 836
Municipalities	348 064	362 735
Current portion	15 449	14 431
	332 615	348 304

The interest rate on long-term receivables is the same as the one the Société pays on its long-term debt. Receivables mature on the following terms:

Water purification studies	
Municipalities	5 years
Gouvernement du Québec	25 years
Studies and watery and sewerage works	10 years
Water purification works	
Municipalities	20 years
Gouvernement du Québec	25 years

The municipalities reimburse their accounts payable to the Société on every interest payment.

The Government reimburses its accounts payable when the long-term debt matures for an amount equal to the unfinanced portion of its accounts payable.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001
(in thousands of dollars)

6. LONG-TERM DEBT

Bonds and notes payable (a) (b)

Maturity	Canadian dollars	United States dollars	Yens	Deutsche Marks	Luxembourg Francs	2001	2000
2001							490 006
2002	180 000		99 102			279 102	279 102
2003	398 836					398 836	398 836
2004	539 826			100 000		639 826	593 297
2005	100 000	100 000	69 833			269 833	269 833
2006	235 000			143 788		378 788	
1 to 5 years	1 453 662	100 000	168 935	243 788		1 966 385	2 031 074
6 to 10 years	540 855				174 446	715 301	818 234
11 to 20 years	50 000					50 000	50 000
	2 044 517	100 000	168 935	243 788	174 446	2 731 686	2 899 308
Short-term borrowings (c)						503 459	419 260
						3 235 145	3 318 568
Planned repayment over the next year						53 194	104 694
						3 181 951	3 213 874

(a) Principal and interest on bonds and notes are guaranteed by the Gouvernement du Québec. At maturity, most of these debts will be refinanced on a long-term basis. An amount of $1 190 680 927 (2000: $868 297 027) was contracted with the Gouvernement du Québec Financing Fund.

(b) Principal and interest on bonds and notes issued in foreign currencies are hedges by currency and interest rate exchange agreements (swaps).

The swaps are done directly with the Gouvernement du Québec and the risks related to these swaps are guaranty by the Province de Québec.

The variations of cash related to these transactions are in Canadian dollars.

(c) Short-term borrowings not guaranteed by the Gouvernement du Québec will be financed in the long term once the financing terms have been completed. They bear an average interest rate about 158 base points lower than the Canadian charter banks prime rate. An amount of $211 600 000 (2000: $245 900 000) was contracted with the Gouvernement du Québec's Financing Fund.

At March 31, 2001, the Société also had bank credit lines. A first of $10 000 000 via demand loan agreement, which provides, for drafts of $5 000 000 and less, for a base interest rate plus 0.50% on the amounts used whereas drafts exceeding $5 000 000 bear interest at the highest base rate or the special brokers' rate plus 0.125%. A second credit line of $40 000 000 via bank acceptances for periods from 7 to 365 days, by blocks of $100 000 (minimum $1 000 000). The amounts used are subject to commission of 0.2% which can be reviewed with 30-days prior notice.

The total fund available for reimbursement of the long-term debt is $58 493 741 as at March 31, 2001 (2000: $55 348 919). These funds have been used to reduce the short-term borrowings.

6. LONG-TERM DEBT (cont'd)

The interest rate on bonds and notes presented in the following chart included the interest rate contracted on debts, discounts and all cost related to the issues.

Maturity	Canadian dollars	United States dollars	Yens	Deutsche Marks	Luxem-bourg Francs	Average weighed
1 to 5 years	8.07	9.67	10.05	8,.6		8.41
6 to 10 years	6.23				7.72	6.59
11 to 20 years	10.25					10.25
Average weighed	7.63	9.67	10.05	8.76	7.72	7.97

7. COMMITMENTS

The commitments arising from the latest estimates issue from the agreements concluded with the municipalities and the Gouvernement du Québec regarding the completion and financing of works, are as follows:

	2001	2000
Works to be completed according to signed	3 732 080	3 773 667
Works completed	3 710 642	3 692 373
Balance to be completed	21 438	81 294

The Société has assumed long-term leases commitment expiring at various dates until December 31, 2001 for administrative premises. Rental expenditure for this fiscal year for these premises amounts to $325 085. The future payments are of $194 927.

8. CONTINGENCIES

As at March 31, 2001, claims and lawsuits from various suppliers amount to $23.3 millions. The Société contests these litigations accruing from works execution contracts. The Société's legal counsel is of the opinion that neither the possible outcome nor the amount of possible settlement, if any, can be foreseen. However, a provision for claims payable has been estimated by the Société's management. This provision is presented in the accounts payable and accrued liabilities on completed works. Any amount the Société will have to disburse to settle these litigations will be billed to the Gouvernement du Québec on behalf of the municipalities and to the municipalities.

9. RELATED OPERATIONS

Besides the related operations already disclose in the Financial Statements, the Société is related with ministry and special funds as also with all the agencies and enterprises directly or indirectly controlled by the Gouvernement du Québec or subject, to a join control, to a common influence from the Gouvernement du Québec. The Société did not conclude any commercial operations with these entities otherwise than in the normal course of activities and the usual commercial condition. These operations are not separate-disclosed in the Financial Statements.

10. TRANSFER OF ACTIVITIES

Under a Conseil du trésor decision of March 2001, The Minister of Industry and Commerce, must ensure that by December 31, 2001, Société expertise is transferred to his Department with regard to construction-related activities and the guarantees related to work in the structures' final delivery for those linked to contracts, borrowings and debt service. In this regard, the Société shall submit to the Secrétariat du Conseil du trésor a schedule for transferring its activities to the Department.

11. PENSION PLAN

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP). This is an interenterprise defined benefit plan and include guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $45 331 (2000: $112 499). The liability of the Société towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

MANAGEMENT'S REPORT

The financial statements of the Société québécoise d'assainissement des eaux have been prepared by the management which see over the preparation and presentation, based on best judgment and estimates. This responsibility includes the appropriate accounting policies choice by using the generally accepted accounting principles in Canada. The financial information includes in the remains of the Annual Report tally with information in the Financial Statements.

To acquire this responsibility, the management maintains an internal accounting controls system, conceive to provide a confident of success that all goods are well protected and operations are accounted on time and properly, and are also correctly authorize and will provide reliable Financial Statements.

The Société acknowledge responsibilities to ensure that the affairs compliance with the provisions of the Act and regulations apply for the purposes of the mandate.

The board of Directors must overview the way the management fulfil their responsibilities in financial information matters and approve the Financial Statements.

The Auditor General of Québec has audited the Financial Statement of the Société, in accordance with generally accepted auditing standards in Canada, and the Auditor report express an opinion on these Financial Statements based on his audit. The Auditor General can, without any restriction, meet the management to discuss any matters concerning his audit.

Gilles Bégin, Eng.
President

Marc Pinsonnault, L.L.B., B.Sc.
Vice-President, Administration & General Secretary

Montréal, April 20, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société québécoise d'assainissement des eaux as at March 31, 2001 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Guy Breton, FCA

Québec, April 20, 2001

SOCIÉTÉ QUÉBÉCOISE DE RÉCUPÉRATION ET DE RECYCLAGE (RECYC-QUÉBEC)
(R.S.Q., c. S-22.01)

REVENUE AND EXPENDITURE
for the year ended March 31, 2001

	2001	2000
REVENUE		
Gouvernement du Québec subsidies (Note 13)	$1 000 470	$713 268
Green tax on tires	20 018 889	9 970 279
Royalty– bottlers and brewers	746 204	191 808
Investments	672 424	
Other	157 911	356 615
	22 595 898	11 231 970
EXPENDITURE		
Deposits – net (Note 3)		
Surplus (deficit) – soft drink containers and other	(102 629)	561 551
Management fees	170 434	544 111
Used-tire program (Note 4)		
Management fees	991 569	897 741
Non-refundable contributions	10 610 094	9 065 142
Non-refundable contributions		
Education and awareness	374 742	614 185
Research and development	417 992	172 056
Composting	312 557	15 000
(Recovery) losses on financial interest on loan guarantees	(97 504)	818 288
Salaries and fringe benefit	1 076 331	1 215 105
Operations (Note 5)	505 710	636 518
Awareness campaign	198 483	
Interest on term notes		936 923
	14 457 779	15 476 620
EXCESS OF REVENUE OVER EXPENDITURE	$8 138 119	$(4 244 650)

EQUITY
for the year ended March 31, 2001

	2001	2000
EQUITY (DEFICIT), BEGINNING OF YEAR	$6 664 725	$(14 090 625)
Gouvernement du Québec subsidy for the repayment of borrowings		25 000 000
	6 664 725	10 909 375
Excess of expenditure over revenue	8 138 119	(4 244 650)
EQUITY, END OF YEAR	$14 802 844	$6 664 725

SOCIÉTÉ QUÉBÉCOISE DE RÉCUPÉRATION ET DE RECYCLAGE (RECYC-QUÉBEC)

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$189 315	$3 969 763
Short-term investments – at cost (Note 6)	20 557 040	2 584 514
Financial investments (Note 7)	147 000	378 000
Accounts receivable (Note 8)	4 258 775	4 983 007
Collectable amounts (Note 9)	825 673	3 011 883
Prepaid expenses and other	62 472	56 975
	26 040 275	14 984 142
Contribution to be recovered from the Gouvernement du Québec		2 500 000
Collectable amounts (Note 9)	337 087	805 492
Financial investments (Note 7)	73 500	984 400
Fixed assets (Note 10)	289 363	268 488
	$26 740 225	$19 542 522
LIABILITIES		
Current liabilities		
Accounts payable (Note 12)	$2 258 621	$3 065 986
Deferred Gouvernement du Québec subsidies (Note 13)	1 286 262	
Deposit entry on fines (Note 9)	1 044 799	
	4 589 682	3 065 986
Deferred Gouvernement du Québec subsidies (Note 13)		2 286 732
Allowance for losses on loan guarantees (Note 16)	266 262	490 378
Allowance for refund of deposits	5 184 977	5 135 853
Allowance for payment of recovery incentives	1 896 460	1 898 848
	11 937 381	12 877 797
EQUITY	14 802 844	6 664 725
	$26 740 225	$19 542 522

CONTINGENCIES (Note 16)

On behalf of the Board of Directors,
Christian L. Van Houtte
Michel Cyr

SOCIÉTÉ QUÉBÉCOISE DE RÉCUPÉRATION ET DE RECYCLAGE (RECYC-QUÉBEC)

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$8 138 119	$(4 244 650)
Items not affecting cash and cash equivalents:		
(Gain) losses on financial interests and loans guarantees	(97 504)	818 288
Losses on disposal of fixed assets	9 637	8 212
Depreciation of fixed assets	108 013	121 367
	8 158 265	(3 296 783)
Changes in assets and liabilities related to operations	5 157 050	(3 670 192)
Cash flows provided by (used for) operating activities	13 315 315	(6 966 975)
INVESTMENT ACTIVITIES		
Proceeds from disposal of financial interests	1 015 288	180 702
Acquisition of fixed assets	(140 775)	(79 706)
Proceeds from disposal of fixed assets	2 250	
Cash flows provided by investment activities	876 763	100 996
FINANCING ACTIVITIES		
Gouvernement du Québec subsidy for the repayment of borrowings		25 000 000
Increase in term notes		32 854 250
Reimbursement of term notes		(44 372 201)
Cash flows provided by financing activities		13 482 049
INCREASE IN CASH AND CASH EQUIVALENTS	14 192 078	6 616 070
CASH AND CASH EQUIVALENTS (SHORTAGE), BEGINNING OF YEAR	6 554 277	(61 793)
CASH AND CASH EQUIVALENTS, END OF YEAR	$20 746 355	$6 554 277

THE BREAKDOWN OF CASH AND CASH EQUIVALENTS IS AS FOLLOWS:

	2001	2000
Cash on hand less outstanding cheques	$189 315	$3 969 763
Short-term investments	20 557 040	2 584 514
	$20 746 355	$6 554 277

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Société québécoise de récupération et de recyclage (RECYC-QUÉBEC) was established under the Act respecting the Société québécoise de récupération et de recyclage (R.S.Q., c. S-22.01).

The purpose of the Société is to promote, develop and foster the reduction, reuse, recovery and recycling of containers, packaging, materials or products with a view to resource conservation.

In order to foster recovery, reuse and recycling, the Société has implemented funding programs aimed at businesses operating in these areas.

The Gouvernement du Québec mandated the Société to implement the integrated management program for used tires. During the fiscal year, the government approved the implementation, by the Société, of a program for emptying used tire storage sites in Québec for the fiscal years 2001-2008.

The Société is also responsible for administering agreements relating to the consignment, recovery and recycling of non-refillable beer and soft drink containers entered into pursuant to the Act respecting the sale and distribution of beer and soft drinks in non-returnable containers (R.S.Q., c. V-5.001).

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Deposits - net

Revenue from deposits on containers sold, deposit refunds and recovery incentives are recorded according to the reports submitted by the parties to agreements.

An allowance is recorded for the refund of deposits and recovery incentives for containers sold during the year and recovered after the end of the year or after the agreements expire.

In accordance with the agreements, reports are subject to inspection. Adjustments made following these inspections are charged to revenue for the year in which they are known.

Financial investments

Financial investments are comprised of investments made under the Société's corporate financing programs. They are in the form of stock purchases, loans or debentures and are recorded at cost.

When the recovery of a financial investment in the form of loans or debentures is uncertain, its book value is reduced to the estimated realizable value by entering an allowance for loss. The estimated realizable value is calculated by discounting anticipated future cash flows at the effective interest rate inherent to the investment or at the market price observable for these loans.

Fixed assets

Fixed assets are recorded at cost and depreciated over their useful lives according to the following methods and rates:

	Method	Rate
Furniture and equipment	Diminishing balance	20%
Data processing equipment	Diminishing balance	30%
Software	Straight-line	50%
Leasehold improvements	Straight-line	Term of the lease

SOCIÉTÉ QUÉBÉCOISE DE RÉCUPÉRATION ET DE RECYCLAGE (RECYC-QUÉBEC)

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

2. ACCOUNTING POLICIES (cont'd)

Allowance for losses on loan guarantees

The allowance for losses is calculated by evaluating potential losses on each activity individually, but cannot be less than 25% of the balance owed on outstanding loans.

Allowance for the refund of deposits

An allowance has been set up to provide the sums required to refund deposits on containers sold before March 31 that will be recovered after the end of the year or after the agreements expire. This allowance was established according to the recovery rates anticipated by management, after deducting deposits recorded on containers recovered derived from sales during the year. For the purposes of the allowance, the recovery rate for pour 5¢ containers has been set at 74.63% as at March 2001 (2000: 75.51%) and at 80.33% for 20¢ containers (2000: 82.71%).

Allowance for the payment of recovery incentives

An allowance has been set up to provide the sums required to pay recovery incentives of $0.02 for each container recovered by a party to the agreement as at March 31, which will be claimed after the end of the year. This allowance was established according to the same rate as that used to calculate the allowance for the refund of deposits.

Other assets and liabilities

The fair value of cash on hand, short-term investments, accounts receivable and accounts payable is equal to their book value given their pending maturity.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that Recyc-Québec lacks sufficient information to apply the accounting procedure for defined benefit plans.

Cash flows

The Commission's policy consists in presenting under cash and cash equivalents bank balances and short-term investments that can easily be converted in the short term to a known amount of cash, whose value is not likely to change significantly.

3. DEPOSITS - NET

	2001	2000
Soft drinks, etc.		
Deposits on containers sold	$393 857	$42 430 367
Doubtful accounts	1 187	16 388
Refund of deposits	(194 814)	(32 656 817)
Recovery incentives	(97 601)	(11 311 489)
	102 629	(1 521 551)
Amount recovered (Note 9)		960 000
Surplus (deficit)	$102 629	$(561 551)

3. DEPOSITS – NET (cont'd)

	2001	2000
Beer		
Deposits on containers sold	$12 042 539	$12 515 115
Refund of deposits	(9 371 562)	(9 879 564)
Recovery incentives	(2 240 351)	(3 716 690)
	430 626	(1 081 139)
Amount recovered (Note 9)	(430 626)	1 081 139

	2001	2000
Management fees		
Salaries and fringe benefits	$261 033	$368 876
Advertising and forms	52 784	6 952
Professional fees	78 859	96 880
Courier services and telecommunications	9 120	9 130
Rent, taxes and insurance	47 260	52 789
Travelling and meetings	19 420	35 545
Supplies, maintenance and miscellaneous expenses	11 412	9 776
Training, subscriptions and assessments	5 172	7 358
Transportation		4 189
Depreciation of fixed assets	18 146	21 239
	503 206	612 734
Administrative expenses recovered (Note 9)	(332 772)	(68 623)
	$170 434	$544 111

Under the consignment agreement, softdrink container recovery and recycling implemented on December 1, 1999, collection and reimbursement of consignment fees and payment of recovery incentives are carried out by a non-profit organization designated by Québec softdrink bottlers.

4. USED-TIRE PROGRAM

	2001	2000
Management fees		
Salaries and fringe benefits	$558 676	$478 972
Advertising and forms	64 001	154 056
Professional fees	97 505	100 849
Courier services and telecommunications	22 093	11 739
Rent, taxes and insurance	121 742	67 872
Travelling and meetings	40 130	27 718
Supplies, maintenance and miscellaneous expenses	27 647	12 585
Training and subscriptions	15 814	16 643
Depreciation of fixed assets	43 961	27 307
	$991 569	$897 741

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

4. USED-TIRE PROGRAM (cont'd)

	2001	2000
Non-refundable contributions		
Site emptying	$457 460	
Transportation and stockpiling	5 368 097	$4 272 969
Retreading assistance	356 346	193 635
Recycling assistance – primary processing	2 826 086	2 950 026
Recycling assistance – secondary processing	1 086 957	987 262
Technological development assistance	77 728	19 855
Assistance for recovery energy value	437 420	641 395
	$10 610 094	$9 065 142

5. OPERATING EXPENSES

	2001	2000
Advertising and promotion	$34 835	$42 848
Professional fees	75 106	105 526
Courier services and telecommunications	23 071	31 305
Rent, taxes and insurance	119 557	180 991
Travelling	45 071	59 020
Equipment rental	5 015	7 296
Maintenance and repairs	9 618	10 851
Supplies and miscellaneous expenses	14 443	15 372
Representation, meetings and conferences	18 013	26 565
Training and upgrading	20 388	34 611
Subscriptions, documentation and assessments	10 246	9 713
Depreciation of fixed assets	45 906	72 820
Doubtful accounts	84 441	39 600
	$505 710	$636 518

6. SHORT-TERM INVESTMENTS

Short-term investments, recorded at cost, include discount notes and notes issued at par value. Fixed interest rates vary from 5.05% to 6.35%. These investments mature during the next fiscal year.

7. FINANCIAL INVESTMENTS

	2001	2000
Common stock		$500 000
Redeemable preferred stock (no maturity date)	$19 149	19 149
Debenture, prime rate plus 1%		490 000
Participating loans, interest-free, participation calculated according to percentage of net income of borrowers payable in annual instalments	744 000	3 618 790
	763 149	4 627 939
Allowance for losses on loans	(542 649)	(3 265 539)
	220 500	1 362 400
Current portion	147 000	378 000
	$73 500	$984 400

7. FINANCIAL INVESTMENTS (cont'd)

The fair value of equity loans and investments in the form of preferred shares equals their respective estimated fair realizable value.

8. ACCOUNTS RECEIVABLE

	2001	2000
Deposits	$890 007	$1 113 574
Tires	2 933 566	3 560 857
Other	167 236	269 320
Accrued interest	267 966	39 256
	$4 258 775	$4 983 007

9. COLLECTABLE AMOUNTS

	2001	2000
Collectable amounts	$1 162 760	$3 817 375
Less: portion payable in the short term	825 673	3 011 883
	$337 087	$805 492

Under the consignment agreement, throw-away softdrink container recovery and recycling, in effect since December 1, 1999, "Boissons gazeuses Environnement", the organization representing the signatories, pledges to reimburse certain amounts paid by the Société.

Further, under this agreement, Boissons gazeuses environnement must pay the Société a provisional fine for not having reached its recovery objective. The amount of the deposit entry was $1 044 799 at March 31, 2001. However, this fine will be charged on March 31, 2002 only if the goals set in the agreement have not been reached. At March 31, 2001, the amount to be recovered was estimated at $541 101 (2000: $1 349 717).

Under the agreement respecting the consignment, recovery and recycling of non-refillable beer containers, in effect from January 1, 1998 to December 31, 2000, and its renewal in effect since January 1, 2001, the parties must reimburse to the Société the amount of the annual deficit (calendar year) arising from the deposit-return systems for their containers (consignment collected and reimbursed, ,recovery incentives and administrative expenses). The Société estimates the amounts collectable as at March 31, 2001 at $621 659 (2000: $2 467 658). The portion of the deficit payable in the short term represents the Société's cash deficit.

10. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	$327 631	$255 783	$71 848	$84 137
Data processing equipment	315 052	179 956	135 096	131 304
Software	301 278	220 515	80 763	46 443
Leasehold improvements	38 052	36 396	1 656	6 604
	$982 013	$692 650	$289 363	$268 488

11. BANK LOAN

At March 31, 2001, the Société had a bank line of credit of $200 000. The sums used bear interest at the prime rate.

12. ACCOUNTS PAYABLE

	2001	2000
Salaries and fringe benefits	$197 691	$268 901
Accounts payable and accruals	528 397	389 032
Deposits and recovery incentives	462 703	1 402 592
Non-refundable contributions – used-tire program	1 069 830	1 005 461
	$2 258 621	$3 065 986

13. DEFERRED GOUVERNEMENT DU QUÉBEC SUBSIDIES

During the fiscal year, the Société collected $3 000 000 in Gouvernement du Québec subsidies applicable to support for educational projects, awareness, research and development and waste composting. At March 31, 2001, the amounts used for this purpose totalled $1 713 738 including $1 000 470 for the current fiscal year.

14. CONTRIBUTIONS FUND

Under the consignment agreement, throw-away softdrink container recovery and recycling, the Société maintains a separate account in which it records the contributions received, to be distributed among member recoverers. At March 31, 2001, the Société held a sum of $13 847.

15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

16. CONTINGENCIES

The Société guarantees the losses that may be incurred by financial institutions on loans granted to businesses. The Société signed loan guarantee agreements for a maximum of $2 290 000 under which loan guarantee certificates totalling $2 290 000 were issued and for which the balance owing on loans amounted to $1 065 047 at March 31, 2001.

17. PENSION PLAN

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP) or the Management Personnel Retirement Plan (MPRP) or the Upper Management Retirement Plan (RRAS). These are interenterprise defined benefit plan and include guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $43 080 (2000: $77 947). The liability of the Société towards these Government plans are restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

SOCIÉTÉ QUÉBÉCOISE DE RÉCUPÉRATION ET DE RECYCLAGE (RECYC-QUÉBEC)

MANAGEMENT'S REPORT

The financial statements of the Société québécoise de récupération et de recyclage (Recyc-Québec) were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. The audit committee meets with management and the auditor, reviews the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Alain Verrault, President
Richard Boisvert, CA
Vice-President, Finance and Administration

Anjou, June 28, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société québécoise de récupération et de recyclage (RECYC-QUÉBEC) as at March 31, 2001, and the statements of revenue and expenditure and of equity and of cash flows for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of the operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 28, 2001

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)

(R.S.Q., c. S-20)

REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	2001	2000
REVENUE FROM PUBLICATIONS AND SERVICES (Note 4)	$9 171 846	$8 555 905
COST OF PUBLICATIONS AND SERVICES (Note 5)	5 765 487	5 993 797
GROSS REVENUE	3 406 359	2 562 108
OVERHEAD AND ADMINISTRATIVE EXPENSES (Note 6)	2 616 478	2 546 324
NET REVENUE	$789 881	$15 784

SURPLUS ALLOCATED TO WORKING CAPITAL

for the year ended March 31, 2001

	2001	2000
SURPLUS ALLOCATED TO WORKING CAPITAL, BEGINNING OF YEAR		
Previously established balance	$371 657	$355 873
Adjustment as at April 1, 2000 (Note 3)	(563 745)	
Adjusted balance	(192 088)	355 873
Net revenue	789 881	15 784
SURPLUS ALLOCATED TO WORKING CAPITAL, END OF YEAR (Note 7)	$597 793	$371 657

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$1 049 372	$936 508
Accounts receivable	1 337 799	996 993
Publications inventory	260 684	355 481
Work in progress – publications	331 995	330 292
Prepaid expenses	79 559	85 176
	3 059 409	2 704 450
Fixed assets (Note 8)	283 240	246 545
	$3 342 649	$2 950 995
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$1 095 654	$759 993
Net revenue to be remitted to the Gouvernement du Québec		264 132
Deferred revenue	1 315 687	1 445 206
	2 411 341	2 469 331
Provision for sick leave	240 009	
Deferred lease inducement	93 506	110 007
	2 744 856	2 579 338
SURPLUS ALLOCATED TO WORKING CAPITAL (Note 7)	597 793	371 657
	$3 342 649	$2 950 995

COMMITMENTS (Note 11)

On behalf of the Société,
Guy Mercier
Jean-Paul Dupré

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, the Société québécoise d'information juridique (SOQUIJ) was established under a special act (R.S.Q., c. S-20) for the purpose of promoting research, processing and development of legal information in order to improve its quality and accessibility to the general public.

2. ACCOUNTING POLICIES

The financial statements of the Société were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements. The statement of cash flow is not shown as it would not provide any useful supplementary information regarding the Société's cash flow during the year.

Inventory and work in progress - publications

Inventory of publications is valued at the lower of cost and net realizable value. Work in progress related to publications is valued at cost. The cost of each publication includes direct design and publishing costs (labour, materials and printing) and related indirect costs. The participation of certain agencies is deducted from this amount.

Fixed assets

Fixed assets are recorded at cost and depreciated on a straight-line basis at the following rates:

Office furniture and leasehold improvements	20%
Data processing equipment	33 1/3%

Deferred revenue

Receipts from subscriptions and other publications are deferred and then transferred to operations upon shipment.

Deferred lease inducement

The lease inducement granted the Société by the lender represents the sum of free rent for the rental of administrative offices. The inducement is amortized using the straight-line method over the remainder of the lease, i.e. until November 2006.

Pension plan

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Société lacks sufficient information to apply the accounting procedure for defined benefit plans.

3. CHANGE IN ACCOUNTING POLICY

The obligations resulting from vacation time and sick leave accumulated by Société employees at the end of the fiscal year are posted to liabilities.

The annual variation in these liabilities is posted to expenditures for the fiscal year. Previously, these expenditures were posted to operations for the year in which the employees used their holidays. The effect if this change on operation prior to March 31, 2000 was posted at April 1, 2000 directly to the statement of surplus allocated to the Working Capital Fund for the fiscal year ended March 31, 2001.

This change, applied retroactively, increases (decreases) the following financial statements items.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

3. CHANGE IN ACCOUNTING POLICY (cont'd)

	2001
Expenditure	
Salaries and fringe benefits	$17 830
Net revenue	(17 830)
Balance sheet	
Accounts payable and accruals	341 566
Provision for sick leave	240 009
Surplus allocated to working capital	(581 575)

4. REVENUE FROM PUBLICATIONS AND SERVICES

	2001	2000
Private customers	$7 204 045	$6 503 155
Departments and agencies of the Gouvernement du Québec	1 967 801	2 052 750
	$9 171 846	$8 555 905

5. COST OF PUBLICATIONS AND SERVICES

	2001	2000
Publications inventory and work in progress, beginning of year	$685 773	$671 011
Direct production costs *	5 939 709	6 235 716
Participation of agencies in certain publications	(267 316)	(244 695)
	6 358 166	6 662 032
Publications inventory and work in progress, end of year	(592 679)	(685 773)
	5 765 487	5 976 259
Amortization of development costs - publications		17 358
	$5 765 487	$5 993 617

* Production costs include depreciation of fixed assets in the amount of $176 738 (2000: $224 696) and royalties in the amount of $0 (2000: $264 132) payable to the Ministère de la Justice du Québec under contracts for the redissemination of information stored in legal data banks and the computerized files of civil registries.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

6. OVERHEAD AND ADMINISTRATIVE EXPENSES

	2001	2000
Salaries and fringe benefits	$1 467 271	$1 461 521
Professional fees	121 579	127 527
Travelling and representation	69 849	68 496
Communications and courier services	46 428	36 762
Rent and municipal taxes	687 663	684 568
Stationery and office supplies	38 979	36 398
Staff training du personnel	67 074	37 449
Documentation and books	37 776	36 061
Insurance	23 853	22 840
Equipment rental and maintenance	45 461	23 009
Depreciation of fixed assets	10 545	11 693
	$2 616 478	$2 546 324

The fiscal year's amortization of the deferred lease inducement was $16 501 (2000: $9 626) was and recorded as a decrease in rental costs.

7. SURPLUS ALLOCATED TO WORKING CAPITAL

The net revenue for any given fiscal year must be paid into the Consolidated Revenue Fund of the Gouvernement du Québec after creation of a working capital fund The amount determined by the Government is $600 000.

8. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Leasehold improvements	$26 294	$10 518	$15 776	$21 035
Office furniture	149 158	109 010	40 148	43 599
Data processing equipment	1 284 509	1 057 193	227 316	181 911
	$1 459 961	$1 176 721	$283 240	$246 545

Acquisitions of fixed assets for the year amount to $223 978 (2000: $215 225).

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Société is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Société did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

10. FUTURE FRINGE BENEFITS

The staff members of the Société participate in the Government and Public Employees Retirement Plan (RREGOP). This is a defined benefit plan and includes guaranteed payments upon retirement and death.

The Société's contributions charged to the year-end statement amount to $134 743 (2000: $193 552). The liability of the Société towards this Government plan is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

11. COMMITMENTS

The Société is committed to long-term leases for office space, warehousing and equipment, expiring on various dates until November 2006.

Lease payments for the year ended March 31, 2001, amount to $1 265 892 (2000: $1 188 318). The minimum lease payments for the coming fiscal years are as follows:

2002	$851 124
2003	661 535
2004	630 485
2005	625 691
2006 and 2007	1 042 818
	$3 811 653

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)

MANAGEMENT'S REPORT

The financial statements of the Société québécoise d'information juridique (SOQUIJ) were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

The Société recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements.

The Auditor General of Québec has conducted an audit of the Société's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the board of directors to discuss any element concerning his audit.

Claude-Paul Hus
Director General

Micheline Montpetit
Director of Legal Information

Montréal, July 13, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Société québécoise d'information juridique (SOQUIJ) as at March 31, 2001, and the statements of revenue and expenditure and surplus allocated to working capital for the year then ended. These financial statements are the responsibility of the Société's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Société as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, given the retroactive application of the change in the accounting treatment of accumulated vacation time and sick leave disclosed in Note 3, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, July 13, 2001

TÉLÉ-QUÉBEC (SOCIÉTÉ DE TÉLÉDIFFUSION DU QUÉBEC)

(R.S.Q., c. S-12.01)

REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	2001	2000
REVENUE		
Gouvernement du Québec subsidies		
Operations	$53 425 100	$53 519 400
Activities involving the production and distribution of educational material	2 107 987	1 224 273
Other	124 422	838 598
	55 657 509	55 582 271
Sales, services and other revenue	12 442 278	11 824 934
	68 099 787	67 407 205
EXPENDITURE (Note 3)		
Programming	36 444 867	34 030 568
Production and technology	11 747 598	11 440 434
Administration	11 457 454	11 816 690
Marketing et communications	3 634 764	3 600 505
Institutional development	879 678	492 720
Depreciation of fixed assets	3 652 887	3 451 863
Financial expenses – net (Note 4)	238 765	1 679 888
	68 056 013	66 512 668
EXCESS OF REVENUE OVER EXPENDITURE	$43 774	$894 537

SURPLUS

for the year ended March 31, 2001

	2001	2000
OPENING BALANCE	$(361 765)	$(1 772 009)
Gouvernement du Québec subsidies		
Repayment of long-term debt	515 707	515 707
Repayment of advance	1 800 000	
Excess of revenue and expenditure	43 774	894 537
CLOSING BALANCE	$1 997 716	$(361 765)

TÉLÉ-QUÉBEC (SOCIÉTÉ DE TÉLÉDIFFUSION DU QUÉBEC)

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Accounts receivable	$4 422 863	$3 317 096
Subsidies receivable from the Gouvernement du Québec	1 440 000	3 393 119
Programs produced and in production	1 011 256	717 710
Broadcastings and distribution rights and participation in outside productions	21 000 382	16 925 124
Production and technical supplies	458 442	435 939
Prepaid expenses	277 518	183 824
	28 610 461	24 972 812
Deferred expenses	174 997	
Fixed assets (Note 5)	17 294 695	18 190 180
	$46 080 153	$43 162 992
LIABILITIES		
Current liabilities		
Outstanding cheques less cash on hand	$2 604 928	$632 379
Loans from financial institutions (Note 6)	9 494 000	13 037 000
Accounts payable and accruals	6 070 669	6 179 368
Broadcasting and distribution rights and participation in outside productions – payable	7 788 033	5 958 821
Deferred premium on long-term debt		2 589
Instalments on long-term debt (Note 7)	990 323	721 835
Deferred revenue (Note 8)	1 853 609	1 289 570
	28 801 562	27 821 562
Long-term debt (Note 7)	15 244 553	13 818 709
Advance from the Gouvernement du Québec, interest-free and no repayment term		1 800 000
Deferred revenue (Note 8)	36 322	84 486
	44 082 437	43 524 757
SURPLUS (DEFICIT)	1 997 716	(361 765)
	$46 080 153	$43 162 992

CONTINGENCIES (Note 10)

On behalf of the Board of Directors,
Paul Inchauspé
Micheline Paradis

TÉLÉ-QUÉBEC (SOCIÉTÉ DE TÉLÉDIFFUSION DU QUÉBEC)

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACTIVITIES		
Excess of revenue over expenditure	$43 774	$894 537
Items not affecting liquid assets:		
Depreciation of fixed assets	3 652 887	3 451 863
Transfer of deferred income	(1 337 734)	(2 236 163)
Loss on disposal of fixed assets	6 381	8 815
Amortization of the premium on the deferred long-term debt	(2 589)	(62 140)
	2 362 719	2 056 912
Change in non-cash items elements of the Working Capital Fund(Note 9)	(63 527)	(3 924 084)
Cash flows provided for (used to) operating activities	2 299 192	(1 867 172)
FINANCING ACTIVITIES		
Gouvernement du Québec subsidies		
Repayment of long-term debt	515 707	515 707
Repayment of advance	1 800 000	
Financing of severance pay in the context of 1995-1996 restructuring		28 000 000
Long-term debt	2 544 150	
Repayment of long-term debt	(849 818)	(22 343 945)
Repayment of Gouvernement du Québec advance	(1 800 000)	
Cash flows provided by financing activities	2 210 039	6 171 762
INVESTMENT ACTIVITIES		
Deferred expenses	(174 997)	
Acquisition of fixed assets	(2 769 747)	(3 042 971)
Proceeds from disposal of fixed assets	5 964	26 328
Cash flows used to investment activities	(2 938 780)	(3 016 643)
INCREASE IN CASH AND CASH EQUIVALENTS	1 570 451	1 287 947
DEFICIENCY IN CASH AND CASH EQUIVALENTS	(13 669 379)	(14 957 326)
DEFICIENCY N CASH AND CASH EQUIVALENTS END OF YEAR (Note 9)	$(12 098 928)	$(13 669 379)

TÉLÉ-QUÉBEC (SOCIÉTÉ DE TÉLÉDIFFUSION DU QUÉBEC)

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

---

1. CONSTITUTION AND PURPOSE

A legal person within the meaning of the Civil Code, Télé-Québec was established by the Act respecting the Société de télévision du Québec (R.S.Q., c. S-12.01).

The main purpose of Télé-Québec is to operate an educational and cultural television broadcasting service as well as a service for producing and disseminating audiovisual, multimedia and television broadcasts.

2. ACCOUNTING POLICIES

The financial statements of Télé-Québec were prepared by management in accordance with generally accepted accounting principles in Canada. These statements include amounts based on best estimates and judgements.

Programs produced and in production

Programs already produced and in production are entered at average cost. Cost includes the direct cost of supplies and services in addition to the share of labour costs and overhead allocated to each program. The average cost for a given program is charged to operations when the program is broadcast or declared unusable.

Broadcasting and distribution rights and participation in outside productions

Broadcasting and distribution rights for audiovisual material are generally acquired for five years. They are capitalized then charged to operations according to the number of broadcasts made and on the following basis, except where they are posted based on the considerations attached to these rights:

50% for the first broadcast;
30% for the second broadcast;
20% for the third broadcast.

Rights on films deemed unusable are written off as soon as such a decision is made.

Télé-Québec's participation in outside productions and the attendant rights are deferred and then charged in full to operations when the program is first broadcast, except where they are posted based on the considerations attached to these rights.

Production and technical supplies

The inventory of production and technical supplies is recorded at cost or net realizable value, whichever is lower. Cost is determined according to the average cost method.

Fixed assets

Fixed assets are recorded at cost.

The antenna array includes buildings, materials, engineering services, infrastructures, direct labour costs, interest on interim financing during construction and attendant overhead.

Fixed assets are depreciated according to the straight-line method at the following rates:

	Rate
Antenna array	5%
Improvements to antenna array	10%
Technical equipment	10%
Furniture and fixtures	10%
Data processing equipment	20%
Automotive equipment	20%
Leasehold improvements	Term of lease, maximum 5 years

2. ACCOUNTING POLICIES (cont'd)

Fixed assets (cont'd)

Grouping of installations:	
Technical equipment	6.67%
Furniture and fixtures	6.67%
Leasehold improvements	Term of lease, maximum 15 years

Cash and cash equivalents

Télé-Québec's policy consists in presenting under cash and cash equivalents bank balances including bank overdrafts and loans from financial institutions contracted to meet short-term cash flow commitments.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that Télé-Québec lacks sufficient information to apply the accounting procedure for defined benefit plans

3. EXPENDITURE BY CATEGORY

	2001	2000
Salaries and fringe benefits	$23 472 826	$22 197 623
Transportation and communications	3 122 430	2 976 044
Professional, administrative and other services	4 033 892	3 648 901
Rent	6 591 404	6 286 410
Materials and supplies	2 212 628	2 472 410
Broadcasting and distribution rights	23 161 976	21 996 426
Depreciation of fixed assets	3 652 887	3 451 863
Direct expenses – independent productions	1 702 244	1 401 400
Direct expenses – service delivery	96 982	60 442
Financial expenses	238 765	1 679 888
Accounts receivable written off	59 500	87 602
Loss on disposal of fixed assets	5 175	8 815
	68 350 709	66 267 824
Programs produced and in production, participation in outside productions – change for the year	(294 696)	244 844
	$68 056 013	$66 512 668

4. FINANCIAL EXPENSES - NET

	2001	2000
Interest on long-term debt	$1 203 728	$2 189 781
Interest on loans from financial institutions	156 403	123 934
Subsidy from the Gouvernement du Québec – interest on long-term debt	(1 118 777)	(571 687)
Amortization of deferred premium on long-term debt	(2 589)	(62 140)
	$238 765	$1 679 888

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

5. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Antenna array, including improvements	$24 865 159	$21 331 803	$3 533 356	$4 415 106
Technical equipment	19 863 065	13 861 727	6 001 338	5 181 659
Furniture and fixtures	1 182 558	796 468	386 090	367 387
Data processing equipment	5 146 024	3 305 923	1 840 101	2 142 884
Automotive equipment	489 234	404 044	85 190	139 422
Leasehold improvements	758 513	458 417	300 096	263 604
	52 304 553	40 158 382	12 146 171	12 510 062
Grouping of installations:				
Technical equipment	4 545 110	2 124 502	2 420 608	2 725 511
Furniture and fixtures	653 332	305 006	348 326	391 881
Leasehold improvements	4 272 508	1 994 616	2 277 892	2 562 726
	9 470 950	4 424 124	5 046 826	5 680 118
Computer projects pending completion (a)	101 698		101 698	
	$61 877 201	$44 582 506	$17 294 695	$18 190 180

(a) When the computer projects have been terminated, the fixed assets will be amortized according to the duration of their service life.

6. LOANS FROM FINANCIAL INSTITUTIONS

Télé-Québec has credit with a financial institution that is renewed annually on August 31. At March 31, 2001, the maximum amount Télé-Québec could borrow was $16 000 000. The sums borrowed bear interest at the prime rate.

7. LONG-TERM DEBT

	2001	2000
Bonds, series "1", 11.25%, maturing May 25, 2008 (a)	$5 000 000	$5 000 000
Borrowings on note from the Financing Fund of the Gouvernement du Québec:		
6.22% repayable in annual instalments of $554 749 until June 1, 2004 and an instalment of $3 226 374 on June 1, 2005 (a)	5 544 791	5 672 773
6.22% repayable in annual instalments of $469 106 until June 1, 2005	2 345 528	2 800 560
Amounts carried forward	$12 890 319	$13 473 333

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

7. LONG-TERM DEBT (cont'd)

	2001	2000
Amounts brought forward	$12 890 319	$13 473 333
6.273%, repayable in annual instalments of $266 803 until February 5, 2002 and an instalment of $533 605 on August 5, 2002	800 407	1 067 211
5.795%, repayable in annual instalments of $254 415 until December 1, 2010	2 544 150	
	16 234 876	14 540 544
Instalments due within one year	990 323	721 835
	$15 244 553	$13 818 709

Principal payments on the long-term debt over the next five fiscal years are as follows:

2002	$1 811 605
2003	1 278 000
2004	1 278 000
2005	4 050 395
2006	254 415

(a) The principal and interest on a bond and a borrowing on a note from the Financing Fund of the Gouvernement du Québec are guaranteed by the Gouvernement du Québec. Considering that the Government committed to paying a subsidy to cover the principal payments, instalments due within one year on these debts are not shown in current liabilities.

8. DEFERRED REVENUE

	2001	2000
Rent collected in advance		
Rent expiring in 2002	$84 486	$125 990
Other	80 350	73 455
	164 836	199 445
Subsidy from the Gouvernement du Québec		
Production and distribution of educational material	17 872	775 859
Special projects		124 422
Subsidies related to specific projects	1 575 000	
Other revenue from outside productions	132 223	274 330
	1 889 931	1 374 056
Less: Current portion		
Rent collected in advance	128 514	114 959
Subsidy from the Gouvernement du Québec	1 592 872	900 281
Other revenue from outside productions	132 223	274 330
	1 853 609	1 289 570
	$36 322	$84 486

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 2001

---

9. CASH FLOWS

Change in non-cash elements of the Working Capital Fund

	2001	2000
Variation in accounts receivable	$(1 105 767)	$751 215
Variation in accounts receivable from the Gouvernement du Québec	1 953 119	(2 993 625)
Variation in broadcasts completed and being produced	(293 546)	110 739
Increase in TV broadcasting and distribution rights and participation in outside productions	(4 075 258)	(2 606 111)
Variation in technical and production supplies	(22 503)	22 014
Variation in prepaid expenses	(93 694)	238 926
Variation in accounts payable and accrued liabilities	(108 699)	267 596
Variation in TV broadcasting and distribution rights and participation in outside productions payable	1 829 212	(1 004 408)
Increase in deferred income	1 853 609	1 289 570
	$(63 527)	$(3 924 084)

The shortfall of cash and cash equivalents show in the cash flow statement includes the following amounts recorded in the balance sheet:

	2001	2000
Cheques outstanding minus cash	$2 604 928	$632 379
Borrowings from financial institutions	9 494 000	13 037 000
	$12 098 928	$13 669 379

The interest paid during the fiscal year totalled $1 349 136 (2000: $2 584 600).

10. COMMITMENTS

Télé-Québec is committed to long-term leases, expiring at various dates up to 2019, for office space and other goods and services. Some of these leases include a renewal option varying from 1 to 15 years.

Lease payments for the year ended March 31, 2001, amount to $6 443 690 (2000: $6 067 785).

Minimum future payments are as follows:

2002	$5 215 331
2003	4 248 465
2004	3 886 891
2005	3 786 176
2006	3 695 603
2007 and thereafter	40 124 836
	$60 957 302

---

11. PENSION PLANS

The staff members of Télé-Québec participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are interenterprise defined benefit plans and include guaranteed payments upon retirement and death.

Télé-Québec's contributions charged to the year-end statement amount to $632 835 (2000: $1 011 814). The liability of Télé-Québec towards these Government plans is restricted to its contributions as an employer.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

12. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, Télé-Québec is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. Télé-Québec did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

13. COMPARATIVE FIGURES

Certain 2000 figures were reclassified for consistency with the presentation adopted in 2001.

TÉLÉ-QUÉBEC (SOCIÉTÉ DE TÉLÉDIFFUSION DU QUÉBEC)

MANAGEMENT'S REPORT

The financial statements of Télé-Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing appropriate accounting policies that comply with generally accepted accounting principles in Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved and can be used to prepare reliable financial statements.

Télé-Québec recognizes that it is responsible for conducting its affairs in accordance with the laws and regulations that govern it.

The board of directors oversees the way in which management fulfils its financial reporting responsibilities and has approved the financial statements. It is assisted by the audit committee, whose members are not part of management. The audit committee meets with management and the auditor, reviews the financial statements and recommends their approval to the board of directors.

The Auditor General of Québec has conducted an audit of Télé-Québec's financial statements in accordance with generally accepted auditing standards in Canada, and his report states the nature and scope of his audit as well as his opinion. The Auditor General may, without restriction, meet with the audit committee to discuss any element concerning his audit.

Doris Girard
President and Chief Executive Officer

Line Simoneau, CA
General Manager, Administration, Finance
and Human Resources

Montréal, June 15, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of Télé-Québec as at March 31, 2001, and the statements of revenue and expenditure, surplus and cash flows for the year then ended. These financial statements are the responsibility of Télé-Québec's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Télé-Québec as at March 31, 2001, and the results of its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, June 15, 2001

TRIBUNAL ADMINISTRATIF DU QUÉBEC
(R.S.Q., c. J-3)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 2001

	2001	2000
REVENUE		
Contribution from the Ministère de la Justice	$9 387 400	$9 676 547
Contributions from other Government agencies (Note 3)	15 099 646	11 647 700
Rate-setting	129 047	215 752
Interest on bank deposits and short-term investments	276 199	122 021
Other	20 718	8 025
	24 913 010	21 670 045
EXPENDITURE		
Salaries and fringe benefits	17 827 931	16 980 740
Rent	3 888 527	3 360 646
Transportation and communications	1 161 036	1 174 498
Professional and administrative services	1 171 295	1 205 475
Maintenance and repairs	126 163	64 004
Materials and supplies	478 424	251 819
Depreciation of fixed assets	585 552	450 896
Amortization of systems development costs	198 507	100 697
Other	18 833	5 651
	25 456 268	23 594 426
EXCESS OF EXPENDITURE OVER REVENUE	(543 258)	(1 924 381)
SURPLUS, BEGINNING OF YEAR	718 289	2 642 670
SURPLUS, END OF YEAR	$175 031	$718 289

TRIBUNAL ADMINISTRATIF DU QUÉBEC

BALANCE SHEET
as at March 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash on hand	$3 058 631	$374 506
Term deposit – 5.25%		2 100 000
Accounts receivable and accrued interest	20 566	98 713
Receivable from Consolidated Revenue Fund (Note 4)	362 153	193 377
Prepaid expenses	20 971	21 502
	3 462 321	2 788 098
Receivable from Consolidated Revenue Fund (Note 4)	372 392	1 096 698
Fixed assets (Note 5)	1 431 572	1 186 136
Systems development costs (Note 6)	840 211	891 838
	$6 106 496	$5 962 770
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$3 332 409	$3 096 784
Amount payable to the Société immobilière du Québec (Note 7)	431 165	
	3 763 574	3 096 784
Provision for sick leave	2 167 891	2 147 697
SURPLUS	175 031	718 289
	$6 106 496	$5 962 770

On behalf of the Tribunal,
Gaétan Lemoyne
Roger Hakim

TRIBUNAL ADMINISTRATIF DU QUÉBEC

CASH FLOWS
for the year ended March 31, 2001

	2001	2000
OPERATING ACITIVITIES		
Excess expenditures over revenue	$(543 258)	$(1 924 381)
Adjustments for:		
Amortization of fixed assets	585 552	450 896
Amortization of system development expenses	198 507	100 697
	240 801	(1 372 788)
Variation in elements linked to operations:		
Variation in accounts receivable and interest accrued	78 147	(78 830)
Decrease in amount receivable from the Consolidated Revenue Fund	555 530	2 116 285
Decrease in prepaid expenses	531	59 366
Diminution in accounts payable and liabilities	(134 813)	(46 695)
Increase in the provision for sick leave	20 194	117 621
Increase in the amount payable to the Société immobilière du Québec	431 165	
	950 754	2 167 747
Cash flows from operating activities	1 191 555	794 959
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(533 936)	(426 588)
Systems development expenses	(73 494)	(385 788)
Cash flows used for investment activities	(607 430)	(812 376)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	584 125	(17 417)
OPENING CASH AND CASH EQUIVALENTS	2 474 506	2 491 923
CLOSING CASH AND CASH EQUIVALENTS	$3 058 631	$2 474 506

COMPOSITION OF CASH AND CASH EQUIVALENTS

	2001	2000
Cash on hand	$3 058 631	$374 506
Term deposit		2 100 000
	$3 058 631	$2 474 506

NOTES TO FINANCIAL STATEMENTS
March 31, 2001

1. CONSTITUTION AND PURPOSE

The Tribunal administratif du Québec is a Government agency established under the Act respecting administrative justice (1996, chapter 54), and is mandated to rule on recourses against an administrative authority or a decentralized authority.

2. ACCOUNTING POLICIES

The financial statements of the Commission were prepared by management in accordance with generally accepted accounting principles of Canada. These statements include amounts based on best estimates and judgements. The statement of changes in financial position is not shown as it would not provide any useful supplementary information regarding the Tribunal's cash flow during the year.

Fixed assets

Fixed assets are recorded at cost and depreciated over their useful life on a straight-line basis at the following rates:

Office furniture and equipment	20%
Office automation and computer equipment	33.3%
Software	33.3%
Leasehold improvements	10%

Systems development expenses

Systems development expenses represent the cost of developing the file processing system and the ruling drafting system. These expenses will be posted to operations over a five-year period using the straight-line method of discount accounting once these systems are operational.

Pension plans

The accounting procedure used for defined contribution plans is applied to interenterprise government defined benefit plans, given that the Tribunal lacks sufficient information to apply the accounting procedure for defined benefit plans.

Cash and cash equivalents

The Tribunal's policy consists in presenting under cash and cash equivalents bank balances and short-term investments maturing within three months of the date they were acquired.

3. CONTRIBUTIONS FROM OTHER GOVERNMENT AGENCIES

	2001	2000
Ministère de l'Emploi et de la Solidarité sociale	$7 761 200	$6 481 900
Société de l'assurance automobile du Québec	5 994 542	4 054 600
Régie des rentes du Québec	1 313 700	1 059 900
Commission de la santé et de la sécurité du travail	30 204	51 300
	$15 099 646	$11 647 700

4. RECEIVABLE FROM THE CONSOLIDATED REVENUE FUND

This item represents the balance of the amount set by the Conseil du trésor and the Tribunal for sick leave accumulated as at April 1, 1998 from amalgamated courts and other agencies.

5. FIXED ASSETS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Office furniture and equipment	$402 275	$88 668	$313 607	$212 020
Office automation and computer equipment	1 746 188	876 552	869 636	794 185
Software	283 929	196 976	86 953	179 931
Leasehold improvements	161 376		161 376	
	$2 593 768	$1 162 196	$1 431 572	$1 186 136

6. SYSTEMS DEVELOPMENT COSTS

	2001			2000
	Cost	Accumulated depreciation	Net	Net
Systems development costs	$1 139 415	$299 204	$840 211	$891 838

7. AMOUNT PAYABLE TO THE SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

After the Tribunal moved into new offices in Montréal, the amount payable to the Société immobilière du Québec for costs for arranging the former Bureau de révision de l'évaluation foncière offices until the agreement ended, i.e. November 2005, was posted taking into account this no future advantage results from this expense.

8. PENSION PLANS

The staff members of the Tribunal participate in the Government and Public Employees Retirement Plan (RREGOP) or in the Civil Service Superannuation Plan (CSSP). These are defined benefit plans and include guaranteed payments upon retirement and death. The Tribunal's contributions charged to the year-end statement amount to $656 424 (1999: $598 938).

The Tribunal's contributions for the year total $371 533 (2000: $656 424). The obligations of the Tribunal vis-à-vis these government plans are limited to employer contributions.

The employer contribution rate for regular RREGOP service to December 31, 1999 corresponded to 5.22% of the pensionable earning for bargainable employees (5.02% for participants subject to management exclusion). Subsequent to changes made to the plan, as of January 1, 2000, the employer contribution rate for regular service corresponds to 3.51% of the pensionable earnings for bargainable employees (0.79% for participants subject to management exclusion).

Some of the Tribunal's staff members no longer participate in the RREGOP. Instead, they receive a sum equivalent to the employer's contribution for the duration of their contract. The amounts paid in this regard and posted to the results for the fiscal year total $39 613 (2000: $58 129).

9. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in its financial statements and recorded at exchange value, the Tribunal is a related party to all departments and special funds as well as to agencies and enterprises which are controlled directly or indirectly by the Gouvernement du Québec or are subject to either joint control or significant influence by the Gouvernement du Québec. The Tribunal did not carry out any business transactions with these related parties other than during the normal course of operations and under normal business conditions. These transactions are not shown separately in the financial statements.

TRIBUNAL ADMINISTRATIF DU QUÉBEC

MANAGEMENT'S REPORT

The financial statements of the Tribunal administratif du Québec were drawn up by management, which is responsible for their preparation and presentation, as well as for the significant estimates and judgements included therein. This responsibility involves choosing accounting policies that comply with generally accepted accounting principles of Canada. All other financial information contained in the annual report is consistent with that presented in the financial statements.

In accordance with its mandate, management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and in a timely manner, are duly approved, and can be used to prepare accurate financial statements.

The Tribunal administratif du Québec recognizes that it is responsible for conducting its affairs in accordance with the rules and regulations that govern it.

The Auditor General of Québec has conducted an audit of the Tribunal's financial statements, in accordance with generally accepted auditing standards, and his report states the nature and scope of his audit as well as his opinion.

Gaétan Lemoyne
President

Roger Hakim
Director, Administration and the
Fonds du Tribunal

Québec, May 18, 2001

AUDITOR'S REPORT

To the National Assembly

I have audited the balance sheet of the Tribunal administratif du Québec as at March 31, 2001 and the statement of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Tribunal's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards of Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Tribunal as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Auditor General Act (R.S.Q., c. V-5.01), I report that, in my opinion, these principles were applied on a basis consistent with that of the preceding year.

Guy Breton, FCA
Auditor General of Québec

Québec, May 18, 2001